

[DISCUSSION DRAFT]

1 **TITLE III—OIL AND GAS**

2 **Subtitle A—Petroleum Reserve and**

3 **Home Heating Oil**

4 **SEC. 301. PERMANENT AUTHORITY TO OPERATE THE STRA-**

5 **TEGIC PETROLEUM RESERVE AND OTHER**

6 **ENERGY PROGRAMS.**

7 (a) AMENDMENT TO TITLE I OF THE ENERGY POL-
8 ICY AND CONSERVATION ACT.—Title I of the Energy Pol-
9 icy and Conservation Act (42 U.S.C. 6211 et seq.) is
10 amended—

11 (1) by striking section 166 (42 U.S.C. 6246)
12 and inserting the following:

13 “AUTHORIZATION OF APPROPRIATIONS

14 “SEC. 166. There are authorized to be appropriated
15 to the Secretary such sums as may be necessary to carry
16 out this part and part D, to remain available until ex-
17 pired.”;

18 (2) by striking section 186 (42 U.S.C. 6250e);
19 and

20 (3) by striking part E (42 U.S.C. 6251; relat-
21 ing to the expiration of title I of the Act).



1 (3) by striking the items relating to part D of
2 title II.

3 (d) AMENDMENT TO THE ENERGY POLICY AND CON-
4 SERVATION ACT.—Section 183(b)(1) of the Energy Policy
5 and Conservation Act (42 U.S.C. 6250(b)(1)) is amended
6 by striking all after “increases” through to “mid-October
7 through March” and inserting “by more than 60 percent
8 over its 5-year rolling average for the months of mid-Octo-
9 ber through March (considered as a heating season aver-
10 age)”.

11 (e) FILL STRATEGIC PETROLEUM RESERVE TO CA-
12 PACITY.—The Secretary of Energy shall, as expeditiously
13 as practicable, acquire petroleum in amounts sufficient to
14 fill the Strategic Petroleum Reserve to the 1,000,000,000
15 barrel capacity authorized under section 154(a) of the En-
16 ergy Policy and Conservation Act (42 U.S.C. 6234(a)),
17 consistent with the provisions of sections 159 and 160 of
18 such Act (42 U.S.C. 6239, 6240).

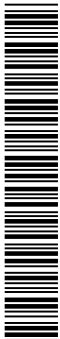
19 **SEC. 302. NATIONAL OILHEAT RESEARCH ALLIANCE.**

20 Section 713 of the Energy Act of 2000 (42 U.S.C.
21 6201 note) is amended by striking “4” and inserting “9”.

22 **Subtitle B—Production Incentives**

23 **SEC. 311. DEFINITION OF SECRETARY.**

24 In this subtitle, the term “Secretary” means the Sec-
25 retary of the Interior.



1 **SEC. 312. PROGRAM ON OIL AND GAS ROYALTIES IN-KIND.**

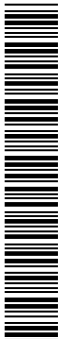
2 (a) APPLICABILITY OF SECTION.—Notwithstanding
3 any other provision of law, this section applies to all roy-
4 alty in-kind accepted by the Secretary on or after the date
5 of enactment of this Act under any Federal oil or gas lease
6 or permit under section 36 of the Mineral Leasing Act
7 (30 U.S.C. 192), section 27 of the Outer Continental Shelf
8 Lands Act (43 U.S.C. 1353), or any other Federal law
9 governing leasing of Federal land for oil and gas develop-
10 ment.

11 (b) TERMS AND CONDITIONS.—All royalty accruing
12 to the United States shall, on the demand of the Sec-
13 retary, be paid in oil or gas. If the Secretary makes such
14 a demand, the following provisions apply to such payment:

15 (1) SATISFACTION OF ROYALTY OBLIGATION.—
16 Delivery by, or on behalf of, the lessee of the royalty
17 amount and quality due under the lease satisfies the
18 lessee's royalty obligation for the amount delivered,
19 except that transportation and processing reimburse-
20 ments paid to, or deductions claimed by, the lessee
21 shall be subject to review and audit.

22 (2) MARKETABLE CONDITION.—

23 (A) IN GENERAL.—Royalty production
24 shall be placed in marketable condition by the
25 lessee at no cost to the United States.



1 (B) DEFINITION OF MARKETABLE CONDI-
2 TION.—In this paragraph, the term “in market-
3 able condition” means sufficiently free from im-
4 purities and otherwise in a condition that the
5 royalty production will be accepted by a pur-
6 chaser under a sales contract typical of the field
7 or area in which the royalty production was
8 produced.

9 (3) DISPOSITION BY THE SECRETARY.—The
10 Secretary may—

11 (A) sell or otherwise dispose of any royalty
12 production taken in-kind (other than oil or gas
13 transferred under section 27(a)(3) of the Outer
14 Continental Shelf Lands Act (43 U.S.C.
15 1353(a)(3)) for not less than the market price;
16 and

17 (B) transport or process (or both) any roy-
18 alty production taken in-kind.

19 (4) RETENTION BY THE SECRETARY.—The Sec-
20 retary may, notwithstanding section 3302 of title 31,
21 United States Code, retain and use a portion of the
22 revenues from the sale of oil and gas taken in-kind
23 that otherwise would be deposited to miscellaneous
24 receipts, without regard to fiscal year limitation, or
25 may use oil or gas received as royalty taken in-kind



1 (in this paragraph referred to as “royalty produc-
2 tion”) to pay the cost of—

3 (A) transporting the royalty production;

4 (B) processing the royalty production;

5 (C) disposing of the royalty production; or

6 (D) any combination of transporting, proc-
7 essing, and disposing of the royalty production.

8 (5) LIMITATION.—

9 (A) IN GENERAL.—Except as provided in
10 subparagraph (B), the Secretary may not use
11 revenues from the sale of oil and gas taken in-
12 kind to pay for personnel, travel, or other ad-
13 ministrative costs of the Federal Government.

14 (B) EXCEPTION.—Notwithstanding sub-
15 paragraph (A), the Secretary may use a portion
16 of the revenues from the sale of oil taken in-
17 kind, without fiscal year limitation, to pay
18 transportation costs, salaries, and other admin-
19 istrative costs directly related to filling the
20 Strategic Petroleum Reserve.

21 (c) REIMBURSEMENT OF COST.—If the lessee, pursu-
22 ant to an agreement with the United States or as provided
23 in the lease, processes the royalty gas or delivers the roy-
24 alty oil or gas at a point not on or adjacent to the lease
25 area, the Secretary shall—



1 (1) reimburse the lessee for the reasonable costs
2 of transportation (not including gathering) from the
3 lease to the point of delivery or for processing costs;
4 or

5 (2) allow the lessee to deduct the transportation
6 or processing costs in reporting and paying royalties
7 in-value for other Federal oil and gas leases.

8 (d) BENEFIT TO THE UNITED STATES REQUIRED.—
9 The Secretary may receive oil or gas royalties in-kind only
10 if the Secretary determines that receiving royalties in-kind
11 provides benefits to the United States that are greater
12 than or equal to the benefits that are likely to have been
13 received had royalties been taken in-value.

14 (e) REPORTS.—

15 (1) IN GENERAL.—Not later than September
16 30, 2007, the Secretary shall submit to Congress a
17 report that addresses—

18 (A) actions taken to develop businesses
19 processes and automated systems to fully sup-
20 port the royalty-in-kind capability to be used in
21 tandem with the royalty-in-value approach in
22 managing Federal oil and gas revenue; and

23 (B) future royalty-in-kind businesses oper-
24 ation plans and objectives.

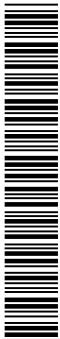


1 (2) REPORTS ON OIL OR GAS ROYALTIES TAKEN
2 IN-KIND.—For each of fiscal years 2006 through
3 2015 in which the United States takes oil or gas
4 royalties in-kind from production in any State or
5 from the outer Continental Shelf, excluding royalties
6 taken in-kind and sold to refineries under subsection
7 (h), the Secretary shall submit to Congress a report
8 that describes—

9 (A) the methodology or methodologies used
10 by the Secretary to determine compliance with
11 subsection (d), including the performance
12 standard for comparing amounts received by
13 the United States derived from royalties in-kind
14 to amounts likely to have been received had roy-
15 alties been taken in-value;

16 (B) an explanation of the evaluation that
17 led the Secretary to take royalties in-kind from
18 a lease or group of leases, including the ex-
19 pected revenue effect of taking royalties in-kind;

20 (C) actual amounts received by the United
21 States derived from taking royalties in-kind and
22 costs and savings incurred by the United States
23 associated with taking royalties in-kind, includ-
24 ing, but not limited to, administrative savings



1 and any new or increased administrative costs;
2 and

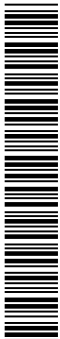
3 (D) an evaluation of other relevant public
4 benefits or detriments associated with taking
5 royalties in-kind.

6 (f) DEDUCTION OF EXPENSES.—

7 (1) IN GENERAL.—Before making payments
8 under section 35 of the Mineral Leasing Act (30
9 U.S.C. 191) or section 8(g) of the Outer Continental
10 Shelf Lands Act (43 U.S.C. 1337(g)) of revenues
11 derived from the sale of royalty production taken in-
12 kind from a lease, the Secretary shall deduct
13 amounts paid or deducted under subsections (b)(4)
14 and (c) and deposit the amount of the deductions in
15 the miscellaneous receipts of the United States
16 Treasury.

17 (2) ACCOUNTING FOR DEDUCTIONS.—When the
18 Secretary allows the lessee to deduct transportation
19 or processing costs under subsection (c), the Sec-
20 retary may not reduce any payments to recipients of
21 revenues derived from any other Federal oil and gas
22 lease as a consequence of that deduction.

23 (g) CONSULTATION WITH STATES.—The
24 Secretary—



1 (1) shall consult with a State before conducting
2 a royalty in-kind program under this subtitle within
3 the State, and may delegate management of any
4 portion of the Federal royalty in-kind program to
5 the State except as otherwise prohibited by Federal
6 law; and

7 (2) shall consult annually with any State from
8 which Federal oil or gas royalty is being taken in-
9 kind to ensure, to the maximum extent practicable,
10 that the royalty in-kind program provides revenues
11 to the State greater than or equal to those likely to
12 have been received had royalties been taken in-value.

13 (h) SMALL REFINERIES.—

14 (1) PREFERENCE.—If the Secretary finds that
15 sufficient supplies of crude oil are not available in
16 the open market to refineries that do not have their
17 own source of supply for crude oil, the Secretary
18 may grant preference to such refineries in the sale
19 of any royalty oil accruing or reserved to the United
20 States under Federal oil and gas leases issued under
21 any mineral leasing law, for processing or use in
22 such refineries at private sale at not less than the
23 market price.

24 (2) PRORATION AMONG REFINERIES IN PRO-
25 Duction AREA.—In disposing of oil under this sub-



1 section, the Secretary of Energy may, at the discre-
2 tion of the Secretary, prorate the oil among refin-
3 eries described in paragraph (1) in the area in which
4 the oil is produced.

5 (i) DISPOSITION TO FEDERAL AGENCIES.—

6 (1) ONSHORE ROYALTY.—Any royalty oil or gas
7 taken by the Secretary in-kind from onshore oil and
8 gas leases may be sold at not less than the market
9 price to any Federal agency.

10 (2) OFFSHORE ROYALTY.—Any royalty oil or
11 gas taken in-kind from a Federal oil or gas lease on
12 the outer Continental Shelf may be disposed of only
13 under section 27 of the Outer Continental Shelf
14 Lands Act (43 U.S.C. 1353).

15 (j) FEDERAL LOW-INCOME ENERGY ASSISTANCE
16 PROGRAMS.—

17 (1) PREFERENCE.—In disposing of royalty oil
18 or gas taken in-kind under this section, the Sec-
19 retary may grant a preference to any person, includ-
20 ing any Federal or State agency, for the purpose of
21 providing additional resources to any Federal low-in-
22 come energy assistance program.

23 (2) REPORT.—Not later than 3 years after the
24 date of enactment of this Act, the Secretary shall
25 transmit a report to Congress, assessing the effec-



1 tiveness of granting preferences specified in para-
2 graph (1) and providing a specific recommendation
3 on the continuation of authority to grant pref-
4 erences.

5 **SEC. 313. MARGINAL PROPERTY PRODUCTION INCENTIVES.**

6 (a) DEFINITION OF MARGINAL PROPERTY.—Until
7 such time as the Secretary issues regulations under sub-
8 section (e) that prescribe a different definition, in this sec-
9 tion the term “marginal property” means an onshore unit,
10 communitization agreement, or lease not within a unit or
11 communitization agreement, that produces on average the
12 combined equivalent of less than 15 barrels of oil per well
13 per day or 90 million British thermal units of gas per well
14 per day calculated based on the average over the 3 most
15 recent production months, including only wells that
16 produce on more than half of the days during those 3 pro-
17 duction months.

18 (b) CONDITIONS FOR REDUCTION OF ROYALTY
19 RATE.—Until such time as the Secretary issues regula-
20 tions under subsection (e) that prescribe different thresh-
21 olds or standards, the Secretary shall reduce the royalty
22 rate on—

23 (1) oil production from marginal properties as
24 prescribed in subsection (c) when the spot price of
25 West Texas Intermediate crude oil at Cushing, Okla-



1 homa, is, on average, less than \$15 per barrel for 90
2 consecutive trading days; and

3 (2) gas production from marginal properties as
4 prescribed in subsection (c) when the spot price of
5 natural gas delivered at Henry Hub, Louisiana, is,
6 on average, less than \$2.00 per million British ther-
7 mal units for 90 consecutive trading days.

8 (c) REDUCED ROYALTY RATE.—

9 (1) IN GENERAL.—When a marginal property
10 meets the conditions specified in subsection (b), the
11 royalty rate shall be the lesser of—

12 (A) 5 percent; or

13 (B) the applicable rate under any other
14 statutory or regulatory royalty relief provision
15 that applies to the affected production.

16 (2) PERIOD OF EFFECTIVENESS.—The reduced
17 royalty rate under this subsection shall be effective
18 beginning on the first day of the production month
19 following the date on which the applicable condition
20 specified in subsection (b) is met.

21 (d) TERMINATION OF REDUCED ROYALTY RATE.—

22 A royalty rate prescribed in subsection (d)(1)(A) shall
23 terminate—



1 (1) with respect to oil production from a mar-
2 ginal property, on the first day of the production
3 month following the date on which—

4 (A) the spot price of West Texas Inter-
5 mediate crude oil at Cushing, Oklahoma, on av-
6 erage, exceeds \$15 per barrel for 90 consecutive
7 trading days; or

8 (B) the property no longer qualifies as a
9 marginal property; and

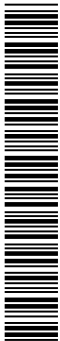
10 (2) with respect to gas production from a mar-
11 ginal property, on the first day of the production
12 month following the date on which—

13 (A) the spot price of natural gas delivered
14 at Henry Hub, Louisiana, on average, exceeds
15 \$2.00 per million British thermal units for 90
16 consecutive trading days; or

17 (B) the property no longer qualifies as a
18 marginal property.

19 (e) REGULATIONS PRESCRIBING DIFFERENT RE-
20 LIEF.—

21 (1) DISCRETIONARY REGULATIONS.—The Sec-
22 retary may by regulation prescribe different param-
23 eters, standards, and requirements for, and a dif-
24 ferent degree or extent of, royalty relief for marginal



1 properties in lieu of those prescribed in subsections
2 (a) through (d).

3 (2) MANDATORY REGULATIONS.—Not later
4 than 18 months after the date of enactment of this
5 Act, the Secretary shall by regulation—

6 (A) prescribe standards and requirements
7 for, and the extent of royalty relief for, mar-
8 ginal properties for oil and gas leases on the
9 outer Continental Shelf; and

10 (B) define what constitutes a marginal
11 property on the outer Continental Shelf for pur-
12 poses of this section.

13 (3) CONSIDERATIONS.—In promulgating regu-
14 lations under this subsection, the Secretary may
15 consider—

16 (A) oil and gas prices and market trends;

17 (B) production costs;

18 (C) abandonment costs;

19 (D) Federal and State tax provisions and
20 the effects of those provisions on production ec-
21 nomics;

22 (E) other royalty relief programs;

23 (F) regional differences in average well-
24 head prices;

25 (G) national energy security issues; and



1 (H) other relevant matters.

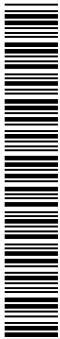
2 (f) SAVINGS PROVISION.—Nothing in this section
3 prevents a lessee from receiving royalty relief or a royalty
4 reduction pursuant to any other law (including a regula-
5 tion) that provides more relief than the amounts provided
6 by this section.

7 **SEC. 314. INCENTIVES FOR NATURAL GAS PRODUCTION**
8 **FROM DEEP WELLS IN THE SHALLOW WA-**
9 **TERS OF THE GULF OF MEXICO.**

10 (a) ROYALTY INCENTIVE REGULATIONS.—The Sec-
11 retary shall publish a final regulation to complete the rule-
12 making begun by the Notice of Proposed Rulemaking enti-
13 tled “Relief or Reduction in Royalty Rates—Deep Gas
14 Provisions”, published in the Federal Register on March
15 26, 2003 (Federal Register, volume 68, number 58,
16 14868–14886).

17 (b) ROYALTY INCENTIVE REGULATIONS FOR ULTRA
18 DEEP GAS WELLS.—

19 (1) IN GENERAL.—Not later than 180 days
20 after the date of enactment of this Act, in addition
21 to any other regulations that may provide royalty in-
22 centives for natural gas produced from deep wells on
23 oil and gas leases issued pursuant to the Outer Con-
24 tinental Shelf Lands Act (43 U.S.C. 1331 et seq.),
25 the Secretary shall issue regulations, in accordance



1 with the regulations published pursuant to sub-
2 section (a), granting royalty relief suspension vol-
3 umes of not less than 35,000,000,000 cubic feet
4 with respect to the production of natural gas from
5 ultra deep wells on leases issued before January 1,
6 2003, in shallow waters less than 200 meters deep
7 located in the Gulf of Mexico wholly west of 87 de-
8 grees, 30 minutes West longitude. Regulations
9 issued under this subsection shall be retroactive to
10 the date that the Notice of Proposed Rulemaking is
11 published in the Federal Register.

12 (2) DEFINITION OF ULTRA DEEP WELL.—In
13 this subsection, the term “ultra deep well” means a
14 well drilled with a perforated interval, the top of
15 which is at least 20,000 feet true vertical depth
16 below the datum at mean sea level.

17 **SEC. 315. ROYALTY RELIEF FOR DEEP WATER PRODUC-**
18 **TION.**

19 (a) IN GENERAL.—For all tracts located in water
20 depths of greater than 400 meters in the Western and
21 Central Planning Area of the Gulf of Mexico, including
22 the portion of the Eastern Planning Area of the Gulf of
23 Mexico encompassing whole lease blocks lying west of 87
24 degrees, 30 minutes West longitude, any oil or gas lease
25 sale under the Outer Continental Shelf Lands Act (43



1 U.S.C. 1331 et seq.) occurring within 5 years after the
2 date of enactment of this Act shall use the bidding system
3 authorized in section 8(a)(1)(H) of the Outer Continental
4 Shelf Lands Act (43 U.S.C. 1337(a)(1)(H)), except that
5 the suspension of royalties shall be set at a volume of not
6 less than—

7 (1) 5,000,000 barrels of oil equivalent for each
8 lease in water depths of 400 to 800 meters;

9 (2) 9,000,000 barrels of oil equivalent for each
10 lease in water depths of 800 to 1,600 meters; and

11 (3) 12,000,000 barrels of oil equivalent for each
12 lease in water depths greater than 1,600 meters.

13 (b) LIMITATION.—The Secretary may place limita-
14 tions on the suspension of royalty relief granted based on
15 market price.

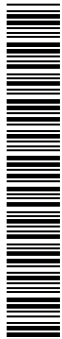
16 **SEC. 316. ALASKA OFFSHORE ROYALTY SUSPENSION.**

17 Section 8(a)(3)(B) of the Outer Continental Shelf
18 Lands Act (43 U.S.C. 1337(a)(3)(B)) is amended by in-
19 serting “and in the Planning Areas offshore Alaska” after
20 “West longitude”.

21 **SEC. 317. OIL AND GAS LEASING IN THE NATIONAL PETRO-**
22 **LEUM RESERVE IN ALASKA.**

23 (a) TRANSFER OF AUTHORITY.—

24 (1) REDESIGNATION.—The Naval Petroleum
25 Reserves Production Act of 1976 (42 U.S.C. 6501



1 et seq.) is amended by redesignating section 107 (42
2 U.S.C. 6507) as section 108.

3 (2) TRANSFER.—The matter under the heading
4 “EXPLORATION OF NATIONAL PETROLEUM RESERVE
5 IN ALASKA” under the heading “ENERGY AND
6 MINERALS” of title I of Public Law 96–514 (42
7 U.S.C. 6508) is—

8 (A) transferred to the Naval Petroleum
9 Reserves Production Act of 1976 (42 U.S.C.
10 6501 et seq.);

11 (B) redesignated as section 107 of that
12 Act; and

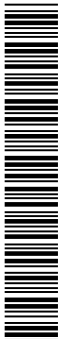
13 (C) moved so as to appear after section
14 106 of that Act (42 U.S.C. 6506).

15 (b) COMPETITIVE LEASING.—Section 107 of the
16 Naval Petroleum Reserves Production Act of 1976 (as
17 amended by subsection (a) of this section) is amended—

18 (1) by striking the heading and all that follows
19 through “*Provided, That* (1) activities” and insert-
20 ing the following:

21 **“SEC. 107. COMPETITIVE LEASING OF OIL AND GAS.**

22 “(a) IN GENERAL.—Notwithstanding any other pro-
23 vision of law and pursuant to regulations issued by the
24 Secretary, the Secretary shall conduct an expeditious pro-
25 gram of competitive leasing of oil and gas in the National



1 Petroleum Reserve in Alaska (referred to in this section
2 as the ‘Reserve’).

3 “(b) MITIGATION OF ADVERSE EFFECTS.—Activi-
4 ties”;

5 (2) by striking “Alaska (the Reserve); (2) the”
6 and inserting
7 “Alaska.

8 “(c) LAND USE PLANNING; BLM WILDERNESS
9 STUDY.—The”;

10 (3) by striking “Reserve; (3) the” and inserting
11 “Reserve.

12 “(d) FIRST LEASE SALE.—The”;

13 (4) by striking “4332); (4) the” and inserting
14 “4321 et seq.).

15 “(e) WITHDRAWALS.—The”;

16 (5) by striking “herein; (5) bidding” and insert-
17 ing
18 “under this section.

19 “(f) BIDDING SYSTEMS.—Bidding”;

20 (6) by striking “629); (6) lease” and inserting
21 “629).

22 “(g) GEOLOGICAL STRUCTURES.—Lease”;

23 (7) by striking “structures; (7) the” and insert-
24 ing
25 “structures.



1 “(h) SIZE OF LEASE TRACTS.—The”;

2 (8) by striking “Secretary; (8)” and all that fol-
3 lows through “Drilling, production,” and inserting
4 “Secretary.

5 “(i) TERMS.—

6 “(1) IN GENERAL.—Each lease shall be—

7 “(A) issued for an initial period of not
8 more than 10 years; and

9 “(B) renewed for successive 10-year terms
10 if—

11 “(i) oil or gas is produced from the
12 lease in paying quantities;

13 “(ii) oil or gas is capable of being pro-
14 duced in paying quantities; or

15 “(iii) drilling or reworking operations,
16 as approved by the Secretary, are con-
17 ducted on the leased land.

18 “(2) RENEWAL OF NONPRODUCING LEASES.—

19 The Secretary shall renew for an additional 10-year
20 term a lease that does not meet the requirements of
21 paragraph (1)(B) if the lessee submits to the Sec-
22 retary an application for renewal not later than 60
23 days before the expiration of the primary lease
24 and—



1 “(A) the lessee certifies, and the Secretary
2 agrees, that hydrocarbon resources were discov-
3 ered on 1 or more wells drilled on the leased
4 land in such quantities that a prudent operator
5 would hold the lease for potential future devel-
6 opment;

7 “(B) the lessee—

8 “(i) pays the Secretary a renewal fee
9 of \$100 per acre of leased land; and

10 “(ii) provides evidence, and the Sec-
11 retary agrees that, the lessee has diligently
12 pursued exploration that warrants continu-
13 ation with the intent of continued explo-
14 ration or future development of the leased
15 land; or

16 “(C) all or part of the lease—

17 “(i) is part of a unit agreement cov-
18 ering a lease described in subparagraph
19 (A) or (B); and

20 “(ii) has not been previously con-
21 tracted out of the unit.

22 “(3) APPLICABILITY.—This subsection applies
23 to a lease that—



1 “(A) is entered into before, on, or after the
2 date of enactment of the Energy Policy Act of
3 2005; and

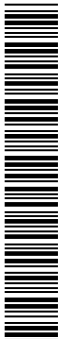
4 “(B) is effective on or after the date of en-
5 actment of that Act.

6 “(j) UNIT AGREEMENTS.—

7 “(1) IN GENERAL.—For the purpose of con-
8 servation of the natural resources of all or part of
9 any oil or gas pool, field, reservoir, or like area, les-
10 sees (including representatives) of the pool, field,
11 reservoir, or like area may unite with each other, or
12 jointly or separately with others, in collectively
13 adopting and operating under a unit agreement for
14 all or part of the pool, field, reservoir, or like area
15 (whether or not any other part of the oil or gas pool,
16 field, reservoir, or like area is already subject to any
17 cooperative or unit plan of development or oper-
18 ation), if the Secretary determines the action to be
19 necessary or advisable in the public interest.

20 “(2) PARTICIPATION BY STATE OF ALASKA.—

21 The Secretary shall ensure that the State of Alaska
22 is provided the opportunity for active participation
23 concerning creation and management of units
24 formed or expanded under this subsection that in-



1 include acreage in which the State of Alaska has an
2 interest in the mineral estate.

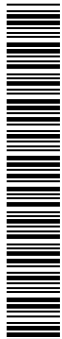
3 “(3) PARTICIPATION BY REGIONAL CORPORA-
4 TIONS.—The Secretary shall ensure that any Re-
5 gional Corporation (as defined in section 3 of the
6 Alaska Native Claims Settlement Act (43 U.S.C.
7 1602)) is provided the opportunity for active partici-
8 pation concerning creation and management of units
9 that include acreage in which the Regional Corpora-
10 tion has an interest in the mineral estate.

11 “(4) PRODUCTION ALLOCATION METHOD-
12 OLOGY.—The Secretary may use a production alloca-
13 tion methodology for each participating area within
14 a unit created for land in the Reserve, State of Alas-
15 ka land, or Regional Corporation land shall, when
16 appropriate, be based on the characteristics of each
17 specific oil or gas pool, field, reservoir, or like area
18 to take into account reservoir heterogeneity and a
19 real variation in reservoir producibility across diverse
20 leasehold interests.

21 “(5) BENEFIT OF OPERATIONS.—Drilling, pro-
22 duction,”;

23 (9) by striking “When separate” and inserting
24 the following:

25 “(6) POOLING.—If separate”;



1 (10) by inserting “(in consultation with the
2 owners of the other land)” after “determined by the
3 Secretary of the Interior”;

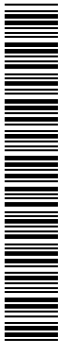
4 (11) by striking “thereto; (10) to” and all that
5 follows through “the terms provided therein” and in-
6 serting

7 “to the agreement.

8 “(k) EXPLORATION INCENTIVES.—

9 “(1) IN GENERAL.—

10 “(A) WAIVER, SUSPENSION, OR REDUC-
11 TION.—To encourage the greatest ultimate re-
12 covery of oil or gas or in the interest of con-
13 servations, the Secretary may waive, suspend, or
14 reduce the rental fees or minimum royalty, or
15 reduce the royalty on an entire leasehold (in-
16 cluding on any lease operated pursuant to a
17 unit agreement), if (after consultation with the
18 State of Alaska and the North Slope Borough
19 of Alaska and the concurrence of any Regional
20 Corporation for leases that include lands avail-
21 able for acquisition by the Regional Corporation
22 under the provisions of section 1431(o) of the
23 Alaska National Interest Lands Conservation
24 Act (16 U.S.C. 3101 et seq.)) the Secretary de-



1 termines that the waiver, suspension, or reduc-
2 tion is in the public interest.

3 “(B) APPLICABILITY.—This paragraph ap-
4 plies to a lease that—

5 “(i) is entered into before, on, or after
6 the date of enactment of the Energy Policy
7 Act of 2005; and

8 “(ii) is effective on or after the date
9 of enactment of that Act.”;

10 (12) by striking “The Secretary is authorized
11 to” and inserting the following:

12 “(2) SUSPENSION OF OPERATIONS AND PRO-
13 DUCTION.—The Secretary may”;

14 (13) by striking “In the event” and inserting
15 the following:

16 “(3) SUSPENSION OF PAYMENTS.—If”;

17 (14) by striking “thereto; and (11) all” and in-
18 serting

19 “to the lease.

20 “(l) RECEIPTS.—All”;

21 (15) by redesignating clauses (A), (B), and (C)
22 as clauses (1), (2), and (3), respectively;

23 (16) by striking “Any agency” and inserting
24 the following:

25 “(m) EXPLORATIONS.—Any agency”;



1 (17) by striking “Any action” and inserting the
2 following:

3 “(n) ENVIRONMENTAL IMPACT STATEMENTS.—

4 “(1) JUDICIAL REVIEW.—Any action”;

5 (18) by striking “The detailed” and inserting
6 the following:

7 “(2) INITIAL LEASE SALES.—The detailed”;

8 (19) by striking “of the Naval Petroleum Re-
9 serves Production Act of 1976 (90 Stat. 304; 42
10 U.S.C. 6504)”;

11 (20) by adding at the end the following:

12 “(o) WAIVER OF ADMINISTRATION FOR CONVEYED
13 LANDS.—Notwithstanding section 14(g) of the Alaska
14 Native Claims Settlement Act (43 U.S.C. 1613(g)) or any
15 other provision of law—

16 “(1) the Secretary of the Interior shall waive
17 administration of any oil and gas lease insofar as
18 such lease covers any land in the National Petro-
19 leum Reserve in Alaska in which the subsurface es-
20 tate is conveyed to the Arctic Slope Regional Cor-
21 poration; and

22 “(2) if any such conveyance of such subsurface
23 estate does not cover all the land embraced within
24 any such oil and gas lease—



1 “(A) the person who owns the subsurface
2 estate in any particular portion of the land cov-
3 ered by such lease shall be entitled to all of the
4 revenues reserved under such lease as to such
5 portion, including, without limitation, all the
6 royalty payable with respect to oil or gas pro-
7 duced from or allocated to such particular por-
8 tion of the land covered by such lease; and

9 “(B) the Secretary of the Interior shall
10 segregate such lease into 2 leases, 1 of which
11 shall cover only the subsurface estate conveyed
12 to the Arctic Slope Regional Corporation, and
13 operations, production, or other circumstances
14 (other than payment of rentals or royalties)
15 that satisfy obligations of the lessee under, or
16 maintain, either of the segregated leases shall
17 likewise satisfy obligations of the lessee under,
18 or maintain, the other segregated lease to the
19 same extent as if such segregated leases re-
20 mained a part of the original unsegregated
21 lease.”.

22 **SEC. 318. ORPHANED, ABANDONED, OR IDLED WELLS ON**
23 **FEDERAL LAND.**

24 (a) IN GENERAL.—The Secretary, in cooperation
25 with the Secretary of Agriculture, shall establish a pro-



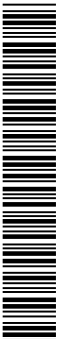
1 gram not later than 1 year after the date of enactment
2 of this Act to remediate, reclaim, and close orphaned,
3 abandoned, or idled oil and gas wells located on land ad-
4 ministered by the land management agencies within the
5 Department of the Interior and the Department of Agri-
6 culture.

7 (b) ACTIVITIES.—The program under subsection (a)
8 shall—

9 (1) include a means of ranking orphaned, aban-
10 doned, or idled wells sites for priority in remedi-
11 ation, reclamation, and closure, based on public
12 health and safety, potential environmental harm,
13 and other land use priorities;

14 (2) provide for identification and recovery of
15 the costs of remediation, reclamation, and closure
16 from persons or other entities currently providing a
17 bond or other financial assurance required under
18 State or Federal law for an oil or gas well that is
19 orphaned, abandoned, or idled; and

20 (3) provide for recovery from the persons or en-
21 tities identified under paragraph (2), or their sure-
22 ties or guarantors, of the costs of remediation, rec-
23 lamation, and closure of such wells.



1 (c) COOPERATION AND CONSULTATIONS.—In car-
2 rying out the program under subsection (a), the Secretary
3 shall—

4 (1) work cooperatively with the Secretary of Ag-
5 riculture and the States within which Federal land
6 is located; and

7 (2) consult with the Secretary of Energy and
8 the Interstate Oil and Gas Compact Commission.

9 (d) PLAN.—Not later than 1 year after the date of
10 enactment of this Act, the Secretary, in cooperation with
11 the Secretary of Agriculture, shall submit to Congress a
12 plan for carrying out the program under subsection (a).

13 (e) IDLED WELL.—For the purposes of this section,
14 a well is idled if—

15 (1) the well has been nonoperational for at least
16 7 years; and

17 (2) there is no anticipated beneficial use for the
18 well.

19 (f) TECHNICAL ASSISTANCE PROGRAM FOR NON-
20 FEDERAL LAND.—

21 (1) IN GENERAL.—The Secretary of Energy
22 shall establish a program to provide technical and fi-
23 nancial assistance to oil and gas producing States to
24 facilitate State efforts over a 10-year period to en-
25 sure a practical and economical remedy for environ-



1 mental problems caused by orphaned or abandoned
2 oil and gas exploration or production well sites on
3 State or private land.

4 (2) ASSISTANCE.—The Secretary of Energy
5 shall work with the States, through the Interstate
6 Oil and Gas Compact Commission, to assist the
7 States in quantifying and mitigating environmental
8 risks of onshore orphaned or abandoned oil or gas
9 wells on State and private land.

10 (3) ACTIVITIES.—The program under para-
11 graph (1) shall include—

12 (A) mechanisms to facilitate identification,
13 if feasible, of the persons currently providing a
14 bond or other form of financial assurance re-
15 quired under State or Federal law for an oil or
16 gas well that is orphaned or abandoned;

17 (B) criteria for ranking orphaned or aban-
18 doned well sites based on factors such as public
19 health and safety, potential environmental
20 harm, and other land use priorities;

21 (C) information and training programs on
22 best practices for remediation of different types
23 of sites; and

24 (D) funding of State mitigation efforts on
25 a cost-shared basis.



1 (g) FEDERAL REIMBURSEMENT FOR ORPHANED
2 WELL RECLAMATION PILOT PROGRAM.—

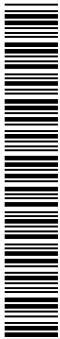
3 (1) REIMBURSEMENT FOR REMEDIATING, RE-
4 CLAIMING, AND CLOSING WELLS ON LAND SUBJECT
5 TO A NEW LEASE.—The Secretary shall carry out a
6 pilot program under which, in issuing a new oil and
7 gas lease on federally owned land on which 1 or
8 more orphaned wells are located, the Secretary—

9 (A) may require, but not as a condition of
10 the lease, that the lessee remediate, reclaim,
11 and close in accordance with standards estab-
12 lished by the Secretary, all orphaned wells on
13 the land leased; and

14 (B) shall develop a program to reimburse
15 a lessee, through a royalty credit against the
16 Federal share of royalties owed or other means,
17 for the reasonable actual costs of remediating,
18 reclaiming, and closing the orphaned well pur-
19 suant to that requirement.

20 (2) REIMBURSEMENT FOR RECLAIMING OR-
21 PHANED WELLS ON OTHER LAND.—In carrying out
22 this subsection, the Secretary—

23 (A) may authorize any lessee under an oil
24 and gas lease on federally owned land to re-



1 claim in accordance with the Secretary's
2 standards—

3 (i) an orphaned well on unleased fed-
4 erally owned land; or

5 (ii) an orphaned well located on an ex-
6 isting lease on federally owned land for the
7 reclamation of which the lessee is not le-
8 gally responsible; and

9 (B) shall develop a program to provide re-
10 imbursement of 115 percent of the reasonable
11 actual costs of remediating, reclaiming, and
12 closing the orphaned well, through credits
13 against the Federal share of royalties or other
14 means.

15 (3) EFFECT OF REMEDIATION, RECLAMATION,
16 OR CLOSURE OF WELL PURSUANT TO AN APPROVED
17 REMEDIATION PLAN.—

18 (A) DEFINITION OF REMEDIATING
19 PARTY.—In this paragraph the term “remedi-
20 ating party” means a person who remediates,
21 reclaims, or closes an abandoned, orphaned, or
22 idled well pursuant to this subsection.

23 (B) GENERAL RULE.—A remediating party
24 who remediates, reclaims, or closes an aban-
25 doned, orphaned, or idled well in accordance

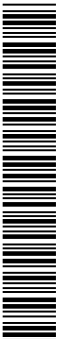


1 with a detailed written remediation plan ap-
2 proved by the Secretary under this subsection,
3 shall be immune from civil liability under Fed-
4 eral environmental laws, for—

5 (i) pre-existing environmental condi-
6 tions at or associated with the well, unless
7 the remediating party owns or operates, in
8 the past owned or operated, or is related to
9 a person that owns or operates or in the
10 past owned or operated, the well or the
11 land on which the well is located; or

12 (ii) any remaining releases of pollut-
13 ants from the well during or after comple-
14 tion of the remediation, reclamation, or
15 closure of the well, unless the remediating
16 party causes increased pollution as a result
17 of activities that are not in accordance
18 with the approved remediation plan.

19 (C) LIMITATIONS.—Nothing in this section
20 shall limit in any way the liability of a remedi-
21 ating party for injury, damage, or pollution re-
22 sulting from the remediating party's acts or
23 omissions that are not in accordance with the
24 approved remediation plan, are reckless or will-



1 ful, constitute gross negligence or wanton mis-
2 conduct, or are unlawful.

3 (4) REGULATIONS.—The Secretary may issue
4 such regulations as are appropriate to carry out this
5 subsection.

6 (h) AUTHORIZATION OF APPROPRIATIONS.—

7 (1) IN GENERAL.—There are authorized to be
8 appropriated to carry out this section \$25,000,000
9 for each of fiscal years 2007 through 2011.

10 (2) USE.—Of the amounts authorized under
11 paragraph (1), \$5,000,000 are authorized for each
12 fiscal year for activities under subsection (f).

13 **SEC. 319. COMBINED HYDROCARBON LEASING.**

14 (a) SPECIAL PROVISIONS REGARDING LEASING.—
15 Section 17(b)(2) of the Mineral Leasing Act (30 U.S.C.
16 226(b)(2)) is amended—

17 (1) by inserting “(A)” after “(2)”; and

18 (2) by adding at the end the following:

19 “(B) For any area that contains any combination of
20 tar sand and oil or gas (or both), the Secretary may issue
21 under this Act, separately—

22 “(i) a lease for exploration for and extraction of
23 tar sand; and

24 “(ii) a lease for exploration for and development
25 of oil and gas.



1 “(C) A lease issued for tar sand shall be issued using
2 the same bidding process, annual rental, and posting pe-
3 riod as a lease issued for oil and gas, except that the min-
4 imum acceptable bid required for a lease issued for tar
5 sand shall be \$2 per acre.

6 “(D) The Secretary may waive, suspend, or alter any
7 requirement under section 26 that a permittee under a
8 permit authorizing prospecting for tar sand must exercise
9 due diligence, to promote any resource covered by a com-
10 bined hydrocarbon lease.”.

11 (b) CONFORMING AMENDMENT.—Section
12 17(b)(1)(B) of the Mineral Leasing Act (30 U.S.C.
13 226(b)(1)(B)) is amended in the second sentence by in-
14 serting “, subject to paragraph (2)(B),” after “Sec-
15 retary”.

16 (c) REGULATIONS.—Not later than 45 days after the
17 date of enactment of this Act, the Secretary shall issue
18 final regulations to implement this section.

19 **SEC. 320. LIQUIFIED NATURAL GAS.**

20 Section 3 of the Natural Gas Act (15 U.S.C. 717b)
21 is amended by adding at the end the following:

22 “(d) LIMITATION ON COMMISSION AUTHORITY.—If
23 an applicant under this section proposes to construct or
24 expand a liquified natural gas terminal either onshore or
25 in State waters for the purpose of importing liquified nat-



1 ural gas into the United States, the Commission shall not
2 deny or condition the application solely on the basis that
3 the applicant proposes to utilize the terminal exclusively
4 or partially for gas that the applicant or any affiliate
5 thereof will supply thereto. In all other respects, sub-
6 section (a) shall remain applicable to any such proposal.”.

7 **SEC. 321. ALTERNATE ENERGY-RELATED USES ON THE**
8 **OUTER CONTINENTAL SHELF.**

9 (a) AMENDMENT TO OUTER CONTINENTAL SHELF
10 LANDS ACT.—Section 8 of the Outer Continental Shelf
11 Lands Act (43 U.S.C. 1337) is amended by adding at the
12 end the following:

13 “(p) LEASES, EASEMENTS, OR RIGHTS-OF-WAY FOR
14 ENERGY AND RELATED PURPOSES.—

15 “(1) IN GENERAL.—The Secretary, in consulta-
16 tion with the Secretary of the Department in which
17 the Coast Guard is operating and other relevant de-
18 partments and agencies of the Federal Government,
19 may grant a lease, easement, or right-of-way on the
20 outer Continental Shelf for activities not otherwise
21 authorized in this Act, the Deepwater Port Act of
22 1974 (33 U.S.C. 1501 et seq.), or the Ocean Ther-
23 mal Energy Conversion Act of 1980 (42 U.S.C.
24 9101 et seq.), or other applicable law, if those
25 activities—



1 “(A) support exploration, development,
2 production, transportation, or storage of oil,
3 natural gas, or other minerals;

4 “(B) produce or support production, trans-
5 portation, or transmission of energy from
6 sources other than oil and gas; or

7 “(C) use, for energy-related or marine-re-
8 lated purposes, facilities currently or previously
9 used for activities authorized under this Act.

10 “(2) PAYMENTS.—The Secretary shall establish
11 reasonable forms of payments for any easement or
12 right-of-way granted under this subsection. Such
13 payments shall not be assessed on the basis of
14 throughput or production. The Secretary may estab-
15 lish fees, rentals, bonus, or other payments by rule
16 or by agreement with the party to which the lease,
17 easement, or right-of-way is granted.

18 “(3) CONSULTATION.—Before exercising au-
19 thority under this subsection, the Secretary shall
20 consult with the Secretary of Defense and other ap-
21 propriate agencies concerning issues related to na-
22 tional security and navigational obstruction.

23 “(4) COMPETITIVE OR NONCOMPETITIVE
24 BASIS.—



1 “(A) IN GENERAL.—The Secretary may
2 issue a lease, easement, or right-of-way for en-
3 ergy and related purposes as described in para-
4 graph (1) on a competitive or noncompetitive
5 basis.

6 “(B) CONSIDERATIONS.—In determining
7 whether a lease, easement, or right-of-way shall
8 be granted competitively or noncompetitively,
9 the Secretary shall consider such factors as—

10 “(i) prevention of waste and conserva-
11 tion of natural resources;

12 “(ii) the economic viability of an en-
13 ergy project;

14 “(iii) protection of the environment;

15 “(iv) the national interest and na-
16 tional security;

17 “(v) human safety;

18 “(vi) protection of correlative rights;

19 and

20 “(vii) potential return for the lease,
21 easement, or right-of-way.

22 “(5) REGULATIONS.—Not later than 270 days
23 after the date of enactment of the Energy Policy Act
24 of 2005, the Secretary, in consultation with the Sec-
25 retary of the Department in which the Coast Guard



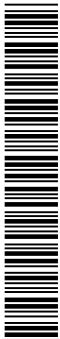
1 is operating and other relevant agencies of the Fed-
2 eral Government and affected States, shall issue any
3 necessary regulations to ensure safety, protection of
4 the environment, prevention of waste, and conserva-
5 tion of the natural resources of the outer Conti-
6 nental Shelf, protection of national security inter-
7 ests, and protection of correlative rights in the outer
8 Continental Shelf.

9 “(6) SECURITY.—The Secretary shall require
10 the holder of a lease, easement, or right-of-way
11 granted under this subsection to furnish a surety
12 bond or other form of security, as prescribed by the
13 Secretary, and to comply with such other require-
14 ments as the Secretary considers necessary to pro-
15 tect the interests of the United States.

16 “(7) EFFECT OF SUBSECTION.—Nothing in this
17 subsection displaces, supersedes, limits, or modifies
18 the jurisdiction, responsibility, or authority of any
19 Federal or State agency under any other Federal
20 law.

21 “(8) APPLICABILITY.—This subsection does not
22 apply to any area on the outer Continental Shelf
23 designated as a National Marine Sanctuary.”.

24 (b) CONFORMING AMENDMENT.—Section 8 of the
25 Outer Continental Shelf Lands Act (43 U.S.C. 1337) is



1 amended by striking the section heading and inserting the
2 following: “LEASES, EASEMENTS, AND RIGHTS-OF-WAY
3 ON THE OUTER CONTINENTAL SHELF.—”.

4 (c) SAVINGS PROVISION.—Nothing in the amendment
5 made by subsection (a) requires, with respect to any
6 project—

7 (1) for which offshore test facilities have been
8 constructed before the date of enactment of this Act;
9 or

10 (2) for which a request for proposals has been
11 issued by a public authority,
12 any resubmittal of documents previously submitted or any
13 reauthorization of actions previously authorized.

14 **SEC. 322. PRESERVATION OF GEOLOGICAL AND GEO-**
15 **PHYSICAL DATA.**

16 (a) SHORT TITLE.—This section may be cited as the
17 “National Geological and Geophysical Data Preservation
18 Program Act of 2005”.

19 (b) PROGRAM.—The Secretary shall carry out a Na-
20 tional Geological and Geophysical Data Preservation Pro-
21 gram in accordance with this section—

22 (1) to archive geologic, geophysical, and engi-
23 neering data, maps, well logs, and samples;

24 (2) to provide a national catalog of such archi-
25 val material; and



1 (3) to provide technical and financial assistance
2 related to the archival material.

3 (c) PLAN.—Not later than 1 year after the date of
4 enactment of this Act, the Secretary shall submit to Con-
5 gress a plan for the implementation of the Program.

6 (d) DATA ARCHIVE SYSTEM.—

7 (1) ESTABLISHMENT.—The Secretary shall es-
8 tablish, as a component of the Program, a data ar-
9 chive system to provide for the storage, preservation,
10 and archiving of subsurface, surface, geological, geo-
11 physical, and engineering data and samples. The
12 Secretary, in consultation with the Advisory Com-
13 mittee, shall develop guidelines relating to the data
14 archive system, including the types of data and sam-
15 ples to be preserved.

16 (2) SYSTEM COMPONENTS.—The system shall
17 be comprised of State agencies that elect to be part
18 of the system and agencies within the Department
19 of the Interior that maintain geological and geo-
20 physical data and samples that are designated by
21 the Secretary in accordance with this subsection.
22 The Program shall provide for the storage of data
23 and samples through data repositories operated by
24 such agencies.



1 (3) LIMITATION OF DESIGNATION.—The Sec-
2 retary may not designate a State agency as a com-
3 ponent of the data archive system unless that agency
4 is the agency that acts as the geological survey in
5 the State.

6 (4) DATA FROM FEDERAL LAND.—The data ar-
7 chive system shall provide for the archiving of rel-
8 evant subsurface data and samples obtained from
9 Federal land—

10 (A) in the most appropriate repository des-
11 ignated under paragraph (2), with preference
12 being given to archiving data in the State in
13 which the data were collected; and

14 (B) consistent with all applicable law and
15 requirements relating to confidentiality and pro-
16 prietary data.

17 (e) NATIONAL CATALOG.—

18 (1) IN GENERAL.—As soon as practicable after
19 the date of enactment of this Act, the Secretary
20 shall develop and maintain, as a component of the
21 Program, a national catalog that identifies—

22 (A) data and samples available in the data
23 archive system established under subsection (d);

24 (B) the repository for particular material
25 in the system; and



1 (C) the means of accessing the material.

2 (2) AVAILABILITY.—The Secretary shall make
3 the national catalog accessible to the public on the
4 site of the Survey on the Internet, consistent with all
5 applicable requirements related to confidentiality
6 and proprietary data.

7 (f) ADVISORY COMMITTEE.—

8 (1) IN GENERAL.—The Advisory Committee
9 shall advise the Secretary on planning and imple-
10 mentation of the Program.

11 (2) NEW DUTIES.—In addition to its duties
12 under the National Geologic Mapping Act of 1992
13 (43 U.S.C. 31a et seq.), the Advisory Committee
14 shall perform the following duties:

15 (A) Advise the Secretary on developing
16 guidelines and procedures for providing assist-
17 ance for facilities under subsection (g)(1).

18 (B) Review and critique the draft imple-
19 mentation plan prepared by the Secretary under
20 subsection (c).

21 (C) Identify useful studies of data archived
22 under the Program that will advance under-
23 standing of the Nation's energy and mineral re-
24 sources, geologic hazards, and engineering geol-
25 ogy.



1 (D) Review the progress of the Program in
2 archiving significant data and preventing the
3 loss of such data, and the scientific progress of
4 the studies funded under the Program.

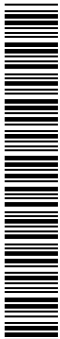
5 (E) Include in the annual report to the
6 Secretary required under section 5(b)(3) of the
7 National Geologic Mapping Act of 1992 (43
8 U.S.C. 31d(b)(3)) an evaluation of the progress
9 of the Program toward fulfilling the purposes of
10 the Program under subsection (b).

11 (g) FINANCIAL ASSISTANCE.—

12 (1) ARCHIVE FACILITIES.—Subject to the avail-
13 ability of appropriations, the Secretary shall provide
14 financial assistance to a State agency that is des-
15 ignated under subsection (d)(2) for providing facili-
16 ties to archive energy material.

17 (2) STUDIES.—Subject to the availability of ap-
18 propriations, the Secretary shall provide financial as-
19 sistance to any State agency designated under sub-
20 section (d)(2) for studies and technical assistance
21 activities that enhance understanding, interpreta-
22 tion, and use of materials archived in the data ar-
23 chive system established under subsection (d).

24 (3) FEDERAL SHARE.—The Federal share of
25 the cost of an activity carried out with assistance



1 under this subsection shall be not more than 50 per-
2 cent of the total cost of the activity.

3 (4) PRIVATE CONTRIBUTIONS.—The Secretary
4 shall apply to the non-Federal share of the cost of
5 an activity carried out with assistance under this
6 subsection the value of private contributions of prop-
7 erty and services used for that activity.

8 (h) REPORT.—The Secretary shall include in each re-
9 port under section 8 of the National Geologic Mapping Act
10 of 1992 (43 U.S.C. 31g)—

11 (1) a description of the status of the Program;

12 (2) an evaluation of the progress achieved in
13 developing the Program during the period covered by
14 the report; and

15 (3) any recommendations for legislative or other
16 action the Secretary considers necessary and appro-
17 priate to fulfill the purposes of the Program under
18 subsection (b).

19 (i) MAINTENANCE OF STATE EFFORT.—It is the in-
20 tent of Congress that the States not use this section as
21 an opportunity to reduce State resources applied to the
22 activities that are the subject of the Program.

23 (j) DEFINITIONS.—In this section:

24 (1) ADVISORY COMMITTEE.—The term “Advi-
25 sory Committee” means the advisory committee es-



1 tablished under section 5 of the National Geologic
2 Mapping Act of 1992 (43 U.S.C. 31d).

3 (2) PROGRAM.—The term “Program” means
4 the National Geological and Geophysical Data Pres-
5 ervation Program carried out under this section.

6 (3) SECRETARY.—The term “Secretary” means
7 the Secretary of the Interior, acting through the Di-
8 rector of the United States Geological Survey.

9 (4) SURVEY.—The term “Survey” means the
10 United States Geological Survey.

11 (k) AUTHORIZATION OF APPROPRIATIONS.—There
12 are authorized to be appropriated to carry out this section
13 \$30,000,000 for each of fiscal years 2006 through 2010.

14 **SEC. 323. OIL AND GAS LEASE ACREAGE LIMITATIONS.**

15 Section 27(d)(1) of the Mineral Leasing Act (30
16 U.S.C. 184(d)(1)) is amended by inserting after “acreage
17 held in special tar sand areas” the following: “, and acre-
18 age under any lease any portion of which has been com-
19 mitted to a federally approved unit or cooperative plan or
20 communitization agreement or for which royalty (includ-
21 ing compensatory royalty or royalty in-kind) was paid in
22 the preceding calendar year,”.



1 **SEC. 324. ASSESSMENT OF DEPENDENCE OF STATE OF HA-**
2 **WAI ON OIL.**

3 (a) ASSESSMENT.—The Secretary of Energy shall as-
4 sess the economic implication of the dependence of the
5 State of Hawaii on oil as the principal source of energy
6 for the State, including—

7 (1) the short- and long-term prospects for crude
8 oil supply disruption and price volatility and poten-
9 tial impacts on the economy of Hawaii;

10 (2) the economic relationship between oil-fired
11 generation of electricity from residual fuel and re-
12 fined petroleum products consumed for ground, ma-
13 rine, and air transportation;

14 (3) the technical and economic feasibility of in-
15 creasing the contribution of renewable energy re-
16 sources for generation of electricity, on an island-by-
17 island basis, including—

18 (A) siting and facility configuration;

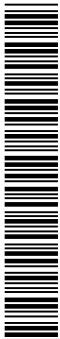
19 (B) environmental, operational, and safety
20 considerations;

21 (C) the availability of technology;

22 (D) effects on the utility system including
23 reliability;

24 (E) infrastructure and transport require-
25 ments;

26 (F) community support; and



1 (G) other factors affecting the economic
2 impact of such an increase and any effect on
3 the economic relationship described in para-
4 graph (2);

5 (4) the technical and economic feasibility of
6 using liquified natural gas to displace residual fuel
7 oil for electric generation, including neighbor island
8 opportunities, and the effect of the displacement on
9 the economic relationship described in paragraph
10 (2), including—

11 (A) the availability of supply;

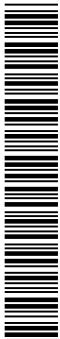
12 (B) siting and facility configuration for on-
13 shore and offshore liquified natural gas receiv-
14 ing terminals;

15 (C) the factors described in subparagraphs
16 (B) through (F) of paragraph (3); and

17 (D) other economic factors;

18 (5) the technical and economic feasibility of
19 using renewable energy sources (including hydrogen)
20 for ground, marine, and air transportation energy
21 applications to displace the use of refined petroleum
22 products, on an island-by-island basis, and the eco-
23 nomic impact of the displacement on the relationship
24 described in (2); and

25 (6) an island-by-island approach to—



1 (A) the development of hydrogen from re-
2 newable resources; and

3 (B) the application of hydrogen to the en-
4 ergy needs of Hawaii

5 (b) CONTRACTING AUTHORITY.—The Secretary of
6 Energy may carry out the assessment under subsection
7 (a) directly or, in whole or in part, through 1 or more
8 contracts with qualified public or private entities.

9 (c) REPORT.—Not later than 300 days after the date
10 of enactment of this Act, the Secretary of Energy shall
11 prepare, in consultation with agencies of the State of Ha-
12 waii and other stakeholders, as appropriate, and submit
13 to Congress, a report detailing the findings, conclusions,
14 and recommendations resulting from the assessment.

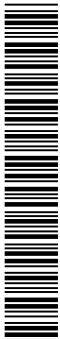
15 (d) AUTHORIZATION OF APPROPRIATIONS.—There
16 are authorized to be appropriated such sums as are nec-
17 essary to carry out this section.

18 **SEC. 325. DEADLINE FOR DECISION ON APPEALS OF CON-**
19 **SISTENCY DETERMINATION UNDER THE**
20 **COASTAL ZONE MANAGEMENT ACT OF 1972.**

21 (a) IN GENERAL.—Section 319 of the Coastal Zone
22 Management Act of 1972 (16 U.S.C. 1465) is amended
23 to read as follows:

24 “APPEALS TO THE SECRETARY

25 “SEC. 319. (a) NOTICE.—The Secretary shall publish
26 an initial notice in the Federal Register not later than 30



1 days after the date of the filing of any appeal to the Sec-
2 retary of a consistency determination under section 307.

3 “(b) CLOSURE OF RECORD.—

4 “(1) IN GENERAL.—Not later than the end of
5 the 120-day period beginning on the date of publica-
6 tion of an initial notice under subsection (a), the
7 Secretary shall receive no more filings on the appeal
8 and the administrative record regarding the appeal
9 shall be closed.

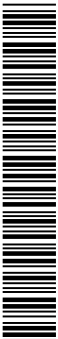
10 “(2) NOTICE.—Upon the closure of the admin-
11 istrative record, the Secretary shall immediately
12 publish a notice that the administrative record has
13 been closed.

14 “(c) DEADLINE FOR DECISION.—The Secretary shall
15 issue a decision in any appeal filed under section 307 not
16 later than 120 days after the closure of the administrative
17 record.

18 “(d) APPLICATION.—This section applies to appeals
19 initiated by the Secretary and appeals filed by an appli-
20 cant.”.

21 (b) APPLICATION.—

22 (1) IN GENERAL.—Except as provided in para-
23 graph (2), the amendment made by subsection (a)
24 shall apply with respect to any appeal initiated or



1 filed before, on, or after the date of enactment of
2 this Act.

3 (2) LIMITATION.—Subsection (a) of section 319
4 of the Coastal Zone Management Act of 1972 (as
5 amended by subsection (a)) shall not apply with re-
6 spect to an appeal initiated or filed before the date
7 of enactment of this Act.

8 (c) CLOSURE OF RECORD FOR APPEAL FILED BE-
9 FORE DATE OF ENACTMENT.—Notwithstanding section
10 319(b)(1) of the Coastal Zone Management Act of 1972
11 (as amended by this section), in the case of an appeal of
12 a consistency determination under section 307 of that Act
13 initiated or filed before the date of enactment of this Act,
14 the Secretary of Commerce shall receive no more filings
15 on the appeal and the administrative record regarding the
16 appeal shall be closed not later than 120 days after the
17 date of enactment of this Act.

18 **SEC. 326. REIMBURSEMENT FOR COSTS OF NEPA ANAL-**
19 **YSES, DOCUMENTATION, AND STUDIES.**

20 (a) IN GENERAL.—The Mineral Leasing Act is
21 amended by inserting after section 37 (30 U.S.C. 193)
22 the following:

23 “REIMBURSEMENT FOR COSTS OF CERTAIN ANALYSES,
24 DOCUMENTATION, AND STUDIES

25 “SEC. 38. (a) IN GENERAL.—The Secretary of the
26 Interior may reimburse a person that is a lessee, operator,



1 operating rights owner, or applicant for any lease under
2 this Act for reasonable amounts paid by the person for
3 preparation for the Secretary by a contractor or other per-
4 son selected by the Secretary of any project-level analysis,
5 documentation, or related study required pursuant to the
6 National Environmental Policy Act of 1969 (42 U.S.C.
7 4321 et seq.) with respect to the lease.

8 “(b) CONDITIONS.—The Secretary may provide reim-
9 bursement under subsection (a) only if—

10 “(1) adequate funding to enable the Secretary
11 to timely prepare the analysis, documentation, or re-
12 lated study is not appropriated;

13 “(2) the person paid the costs voluntarily;

14 “(3) the person maintains records of its costs
15 in accordance with regulations issued by the Sec-
16 retary;

17 “(4) the reimbursement is in the form of a re-
18 duction in the Federal share of the royalty required
19 to be paid for the lease for which the analysis, docu-
20 mentation, or related study is conducted, and is
21 agreed to by the Secretary and the person reim-
22 bursed prior to commencing the analysis, docu-
23 mentation, or related study; and

24 “(5) the agreement required under paragraph
25 (4) contains provisions—



1 “(A) reducing royalties owed on lease pro-
2 duction based on market prices;

3 “(B) stipulating an automatic termination
4 of the royalty reduction upon recovery of docu-
5 mented costs; and

6 “(C) providing a process by which the les-
7 see may seek reimbursement for circumstances
8 in which production from the specified lease is
9 not possible.”.

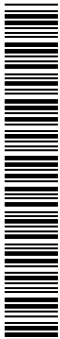
10 (b) APPLICATION.—The amendment made by this
11 section shall apply with respect to an analysis, documenta-
12 tion, or a related study conducted on or after the date
13 of enactment of this Act for any lease entered into before,
14 on, or after the date of enactment of this Act.

15 (c) DEADLINE FOR REGULATIONS.—The Secretary
16 shall issue regulations implementing the amendment made
17 by this section by not later than 1 year after the date
18 of enactment of this Act.

19 **SEC. 327. HYDRAULIC FRACTURING.**

20 Paragraph (1) of section 1421(d) of the Safe Drink-
21 ing Water Act (42 U.S.C. 300h(d)) is amended to read
22 as follows:

23 “(1) UNDERGROUND INJECTION.—The term
24 ‘underground injection’—



1 “(A) means the subsurface emplacement of
2 fluids by well injection; and

3 “(B) excludes—

4 “(i) the underground injection of nat-
5 ural gas for purposes of storage; and

6 “(ii) the underground injection of
7 fluids or propping agents pursuant to hy-
8 draulic fracturing operations related to oil
9 or gas production activities.”.

10 **SEC. 328. OIL AND GAS EXPLORATION AND PRODUCTION**

11 **DEFINED.**

12 Section 502 of the Federal Water Pollution Control
13 Act (33 U.S.C. 1362) is amended by adding at the end
14 the following:

15 “(24) OIL AND GAS EXPLORATION AND PRO-
16 DUCTON.—The term ‘oil and gas exploration, pro-
17 duction, processing, or treatment operations or
18 transmission facilities’ means all field activities or
19 operations associated with exploration, production,
20 processing, or treatment operations, or transmission
21 facilities, including activities necessary to prepare a
22 site for drilling and for the movement and placement
23 of drilling equipment, whether or not such field ac-
24 tivities or operations may be considered to be con-
25 struction activities.”.



1 **SEC. 329. OUTER CONTINENTAL SHELF PROVISIONS.**

2 (a) STORAGE ON THE OUTER CONTINENTAL
3 SHELF.—Section 5(a)(5) of the Outer Continental Shelf
4 Lands Act (43 U.S.C. 1334(a)(5)) is amended by insert-
5 ing “from any source” after “oil and gas”.

6 (b) DEEPWATER PROJECTS.—Section 6 of the Deep-
7 water Port Act of 1974 (33 U.S.C. 1505) is amended by
8 adding at the end the following:

9 “(d) RELIANCE ON ACTIVITIES OF OTHER AGEN-
10 CIES.—In fulfilling the requirements of section 5(f)—

11 “(1) to the extent that other Federal agencies
12 have prepared environmental impact statements, are
13 conducting studies, or are monitoring the affected
14 human, marine, or coastal environment, the Sec-
15 retary may use the information derived from those
16 activities in lieu of directly conducting such activi-
17 ties; and

18 “(2) the Secretary may use information ob-
19 tained from any State or local government or from
20 any person.”.

21 (c) NATURAL GAS DEFINED.—Section 3(13) of the
22 Deepwater Port Act of 1974 (33 U.S.C. 1502(13)) is
23 amended to read as follows:

24 “(13) natural gas means—

25 “(A) natural gas unmixed; or



1 “(B) any mixture of natural or artificial
2 gas, including compressed or liquefied natural
3 gas, natural gas liquids, liquefied petroleum
4 gas, and condensate recovered from natural
5 gas;”.

6 **SEC. 330. APPEALS RELATING TO PIPELINE CONSTRUC-**
7 **TION OR OFFSHORE MINERAL DEVELOP-**
8 **MENT PROJECTS.**

9 (a) AGENCY OF RECORD, PIPELINE CONSTRUCTION
10 PROJECTS.—Any Federal administrative agency pro-
11 ceeding that is an appeal or review under section 319 of
12 the Coastal Zone Management Act of 1972 (16 U.S.C.
13 1465), as amended by this Act, related to Federal author-
14 ity for an interstate natural gas pipeline construction
15 project, including construction of natural gas storage and
16 liquefied natural gas facilities, shall use as its exclusive
17 record for all purposes the record compiled by the Federal
18 Energy Regulatory Commission pursuant to the Commis-
19 sion’s proceeding under sections 3 and 7 of the Natural
20 Gas Act (15 U.S.C. 717b, 717f).

21 (b) SENSE OF CONGRESS.—It is the sense of Con-
22 gress that all Federal and State agencies with jurisdiction
23 over interstate natural gas pipeline construction activities
24 should coordinate their proceedings within the timeframes
25 established by the Federal Energy Regulatory Commission

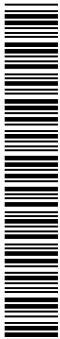


1 when the Commission is acting under sections 3 and 7
2 of the Natural Gas Act (15 U.S.C. 717b, 717f) to deter-
3 mine whether a certificate of public convenience and neces-
4 sity should be issued for a proposed interstate natural gas
5 pipeline.

6 (c) AGENCY OF RECORD, OFFSHORE MINERAL DE-
7 VELOPMENT PROJECTS.—Any Federal administrative
8 agency proceeding that is an appeal or review under sec-
9 tion 319 of the Coastal Zone Management Act of 1972
10 (16 U.S.C. 1465), as amended by this Act, related to Fed-
11 eral authority for the permitting, approval, or other au-
12 thorization of energy projects, including projects to ex-
13 plore, develop, or produce mineral resources in or under-
14 lying the outer Continental Shelf shall use as its exclusive
15 record for all purposes (except for the filing of pleadings)
16 the record compiled by the relevant Federal permitting
17 agency.

18 **SEC. 331. BILATERAL INTERNATIONAL OIL SUPPLY AGREE-**
19 **MENTS.**

20 (a) IN GENERAL.—Notwithstanding any other provi-
21 sion of law, the President may export oil to, or secure oil
22 for, any country pursuant to a bilateral international oil
23 supply agreement entered into by the United States with
24 the country before June 25, 1979, or to any country pur-



1 suant to the International Emergency Oil Sharing Plan
2 of the International Energy Agency.

3 (b) MEMORANDUM OF AGREEMENT.—The following
4 agreements are deemed to have entered into force by oper-
5 ation of law and are deemed to have no termination date:

6 (1) The agreement entitled “Agreement amend-
7 ing and extending the memorandum of agreement of
8 June 22, 1979”, entered into force November 13,
9 1994 (TIAS 12580).

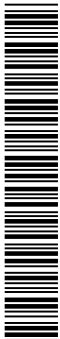
10 (2) The agreement entitled “Agreement amend-
11 ing the contingency implementing arrangements of
12 October 17, 1980”, entered into force June 27,
13 1995 (TIAS 12670).

14 **SEC. 332. NATURAL GAS MARKET REFORM.**

15 (a) CLARIFICATION OF EXISTING CFTC AUTHOR-
16 ITY.—

17 (1) FALSE REPORTING.—Section 9(a)(2) of the
18 Commodity Exchange Act (7 U.S.C. 13(a)(2)) is
19 amended by striking “false or misleading or know-
20 ingly inaccurate reports” and inserting “knowingly
21 false or knowingly misleading or knowingly inac-
22 curate reports”.

23 (2) COMMISSION ADMINISTRATIVE AND CIVIL
24 AUTHORITY.—Section 9 of the Commodity Exchange



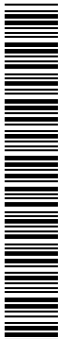
1 Act (7 U.S.C. 13) is amended by redesignating sub-
2 section (f) as subsection (e), and adding:

3 “(f) COMMISSION ADMINISTRATIVE AND CIVIL AU-
4 THORITY.—The Commission may bring administrative or
5 civil actions as provided in this Act against any person
6 for a violation of any provision of this section including,
7 but not limited to, false reporting under subsection
8 (a)(2).”.

9 (3) EFFECT OF AMENDMENTS.—The amend-
10 ments made by paragraphs (1) and (2) restate, with-
11 out substantive change, existing burden of proof pro-
12 visions and existing Commission civil enforcement
13 authority, respectively. These clarifying changes do
14 not alter any existing burden of proof or grant any
15 new statutory authority. The provisions of this sec-
16 tion, as restated herein, continue to apply to any ac-
17 tion pending on or commenced after the date of en-
18 actment of this Act for any act, omission, or viola-
19 tion occurring before, on, or after, such date of en-
20 actment.

21 (b) FRAUD AUTHORITY.—Section 4b of the Com-
22 modity Exchange Act (7 U.S.C. 6b) is amended—

23 (1) by redesignating subsections (b) and (c) as
24 subsections (c) and (d), respectively; and



1 (2) by striking subsection (a) and inserting the
2 following:

3 “(a) It shall be unlawful—

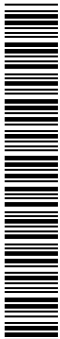
4 “(1) for any person, in or in connection with
5 any order to make, or the making of, any contract
6 of sale of any commodity for future delivery or in
7 interstate commerce, that is made, or to be made, on
8 or subject to the rules of a designated contract mar-
9 ket, for or on behalf of any other person; or

10 “(2) for any person, in or in connection with
11 any order to make, or the making of, any contract
12 of sale of any commodity for future delivery, or
13 other agreement, contract, or transaction subject to
14 section 5a(g) (1) and (2) of this Act, that is made,
15 or to be made, for or on behalf of, or with, any other
16 person, other than on or subject to the rules of a
17 designated contract market—

18 “(A) to cheat or defraud or attempt to
19 cheat or defraud such other person;

20 “(B) willfully to make or cause to be made
21 to such other person any false report or state-
22 ment or willfully to enter or cause to be entered
23 for such other person any false record;

24 “(C) willfully to deceive or attempt to de-
25 ceive such other person by any means whatso-



1 ever in regard to any order or contract or the
2 disposition or execution of any order or con-
3 tract, or in regard to any act of agency per-
4 formed, with respect to any order or contract
5 for or, in the case of subsection (a)(2), with
6 such other person; or

7 “(D)(i) to bucket an order if such order is
8 either represented by such person as an order
9 to be executed, or required to be executed, on
10 or subject to the rules of a designated contract
11 market; or

12 “(ii) to fill an order by offset against the
13 order or orders of any other person, or willfully
14 and knowingly and without the prior consent of
15 such other person to become the buyer in re-
16 spect to any selling order of such other person,
17 or become the seller in respect to any buying
18 order of such other person, if such order is ei-
19 ther represented by such person as an order to
20 be executed, or required to be executed, on or
21 subject to the rules of a designated contract
22 market.

23 “(b) Subsection (a)(2) shall not obligate any person,
24 in connection with a transaction in a contract of sale of
25 a commodity for future delivery, or other agreement, con-



1 tract or transaction subject to section 5a(g) (1) and (2)
2 of this Act, with another person, to disclose to such other
3 person nonpublic information that may be material to the
4 market price of such commodity or transaction, except as
5 necessary to make any statement made to such other per-
6 son in connection with such transaction, not misleading
7 in any material respect.”.

8 (c) JURISDICTION OF THE CFTC.—The Natural Gas
9 Act (15 U.S.C. 717 et seq.) is amended by adding at the
10 end:

11 **“SEC. 26. JURISDICTION.**

12 “This Act shall not affect the exclusive jurisdiction
13 of the Commodity Futures Trading Commission with re-
14 spect to accounts, agreements, contracts, or transactions
15 in commodities under the Commodity Exchange Act (7
16 U.S.C. 1 et seq.). Any request for information by the Com-
17 mission to a designated contract market, registered deriva-
18 tives transaction execution facility, board of trade, ex-
19 change, or market involving accounts, agreements, con-
20 tracts, or transactions in commodities (including natural
21 gas, electricity, and other energy commodities) within the
22 exclusive jurisdiction of the Commodity Futures Trading
23 Commission shall be directed to the Commodity Futures
24 Trading Commission, which shall cooperate in responding
25 to any information request by the Commission.”.



1 (d) INCREASED PENALTIES.—Section 21 of the Nat-
2 ural Gas Act (15 U.S.C. 717t) is amended—

3 (1) in subsection (a)—

4 (A) by striking “\$5,000” and inserting
5 “\$1,000,000”; and

6 (B) by striking “two years” and inserting
7 “5 years”; and

8 (2) in subsection (b), by striking “\$500” and
9 inserting “\$50,000”.

10 **SEC. 333. NATURAL GAS MARKET TRANSPARENCY.**

11 The Natural Gas Act (15 U.S.C 717 et seq.) is
12 amended—

13 (1) by redesignating section 24 as section 25;
14 and

15 (2) by inserting after section 23 the following:

16 **“SEC. 24. NATURAL GAS MARKET TRANSPARENCY.**

17 “(a) AUTHORIZATION.—(1) Not later than 180 days
18 after the date of enactment of the Energy Policy Act of
19 2005, the Federal Energy Regulatory Commission shall
20 issue rules directing all entities subject to the Commis-
21 sion’s jurisdiction as provided under this Act to timely re-
22 port information about the availability and prices of nat-
23 ural gas sold at wholesale in interstate commerce to the
24 Commission and price publishers.



1 “(2) The Commission shall evaluate the data for ade-
2 quate price transparency and accuracy.

3 “(3) Rules issued under this subsection requiring the
4 reporting of information to the Commission that may be-
5 come publicly available shall be limited to aggregate data
6 and transaction-specific data that are otherwise required
7 by the Commission to be made public.

8 “(4) In exercising its authority under this section, the
9 Commission shall not—

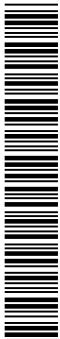
10 “(A) compete with, or displace from the market
11 place, any price publisher; or

12 “(B) regulate price publishers or impose any re-
13 quirements on the publication of information.

14 “(b) **TIMELY ENFORCEMENT.**—No person shall be
15 subject to any penalty under this section with respect to
16 a violation occurring more than 3 years before the date
17 on which the Federal Energy Regulatory Commission
18 seeks to assess a penalty.

19 “(c) **LIMITATION ON COMMISSION AUTHORITY.**—(1)
20 The Commission shall not condition access to interstate
21 pipeline transportation upon the reporting requirements
22 authorized under this section.

23 “(2) Natural gas sales by a producer that are attrib-
24 utable to volumes of natural gas produced by such pro-



1 ducer shall not be subject to the rules issued pursuant to
2 this section.

3 “(3) The Commission shall not require natural gas
4 producers, processors, or users who have a de minimis
5 market presence to participate in the reporting require-
6 ments provided in this section.”.

7 **Subtitle C—Access to Federal Land**

8 **SEC. 341. OFFICE OF FEDERAL ENERGY PROJECT COORDI-** 9 **NATION.**

10 (a) ESTABLISHMENT.—The President shall establish
11 the Office of Federal Energy Project Coordination (re-
12 ferred to in this section as the “Office”) within the Execu-
13 tive Office of the President in the same manner and with
14 the same mission as the White House Energy Projects
15 Task Force established by Executive Order No. 13212 (42
16 U.S.C. 13201 note).

17 (b) STAFFING.—The Office shall be staffed by func-
18 tional experts from relevant Federal agencies on a non-
19 reimbursable basis to carry out the mission of the Office.

20 (c) REPORT.—The Office shall transmit an annual
21 report to Congress that describes the activities put in place
22 to coordinate and expedite Federal decisions on energy
23 projects. The report shall list accomplishments in improv-
24 ing the Federal decisionmaking process and shall include
25 any additional recommendations or systemic changes



1 needed to establish a more effective and efficient Federal
2 permitting process.

3 **SEC. 342. FEDERAL ONSHORE OIL AND GAS LEASING AND**
4 **PERMITTING PRACTICES.**

5 (a) REVIEW OF ONSHORE OIL AND GAS LEASING
6 PRACTICES.—

7 (1) IN GENERAL.—The Secretary of the Inte-
8 rior, in consultation with the Secretary of Agri-
9 culture with respect to National Forest System lands
10 under the jurisdiction of the Department of Agri-
11 culture, shall perform an internal review of current
12 Federal onshore oil and gas leasing and permitting
13 practices.

14 (2) INCLUSIONS.—The review shall include the
15 process for—

16 (A) accepting or rejecting offers to lease;

17 (B) administrative appeals of decisions or
18 orders of officers or employees of the Bureau of
19 Land Management with respect to a Federal oil
20 or gas lease;

21 (C) considering surface use plans of oper-
22 ation, including the timeframes in which the
23 plans are considered, and any recommendations
24 for improving and expediting the process; and



1 (D) identifying stipulations to address site-
2 specific concerns and conditions, including those
3 stipulations relating to the environment and re-
4 source use conflicts.

5 (b) REPORT.—Not later than 180 days after the date
6 of enactment of this Act, the Secretary of the Interior and
7 the Secretary of Agriculture shall transmit a report to
8 Congress that describes—

9 (1) actions taken under section 3 of Executive
10 Order No. 13212 (42 U.S.C. 13201 note); and

11 (2) actions taken or any plans to improve the
12 Federal onshore oil and gas leasing program.

13 **SEC. 343. MANAGEMENT OF FEDERAL OIL AND GAS LEAS-**
14 **ING PROGRAMS.**

15 (a) TIMELY ACTION ON LEASES AND PERMITS.—To
16 ensure timely action on oil and gas leases and applications
17 for permits to drill on land otherwise available for leasing,
18 the Secretary of the Interior (in this section referred to
19 as the “Secretary”) shall—

20 (1) ensure expeditious compliance with section
21 102(2)(C) of the National Environmental Policy Act
22 of 1969 (42 U.S.C. 4332(2)(C));

23 (2) improve consultation and coordination with
24 the States and the public; and



1 (3) improve the collection, storage, and retrieval
2 of information relating to the leasing activities.

3 (b) BEST MANAGEMENT PRACTICES.—

4 (1) IN GENERAL.—Not later than 18 months
5 after the date of enactment of this Act, the Sec-
6 retary shall develop and implement best manage-
7 ment practices to—

8 (A) improve the administration of the on-
9 shore oil and gas leasing program under the
10 Mineral Leasing Act (30 U.S.C. 181 et seq.);
11 and

12 (B) ensure timely action on oil and gas
13 leases and applications for permits to drill on
14 lands otherwise available for leasing.

15 (2) CONSIDERATIONS.—In developing the best
16 management practices under paragraph (1), the Sec-
17 retary shall consider any recommendations from the
18 review under section 342.

19 (3) REGULATIONS.—Not later than 180 days
20 after the development of best management practices
21 under paragraph (1), the Secretary shall publish, for
22 public comment, proposed regulations that set forth
23 specific timeframes for processing leases and appli-
24 cations in accordance with the practices, including
25 deadlines for—



1 (A) approving or disapproving resource
2 management plans and related documents, lease
3 applications, and surface use plans; and

4 (B) related administrative appeals.

5 (c) IMPROVED ENFORCEMENT.—The Secretary shall
6 improve inspection and enforcement of oil and gas activi-
7 ties, including enforcement of terms and conditions in per-
8 mits to drill.

9 (d) AUTHORIZATION OF APPROPRIATIONS.—In addi-
10 tion to amounts authorized to be appropriated to carry
11 out section 17 of the Mineral Leasing Act (30 U.S.C.
12 226), there are authorized to be appropriated to the Sec-
13 retary for each of fiscal years 2006 through 2009—

14 (1) \$40,000,000 to carry out subsections (a)
15 and (b); and

16 (2) \$20,000,000 to carry out subsection (c).

17 **SEC. 344. CONSULTATION REGARDING OIL AND GAS LEAS-**
18 **ING ON PUBLIC LAND.**

19 (a) IN GENERAL.—Not later than 180 days after the
20 date of enactment of this Act, the Secretary of the Interior
21 and the Secretary of Agriculture shall enter into a memo-
22 randum of understanding regarding oil and gas leasing
23 on—

24 (1) public lands under the jurisdiction of the
25 Secretary of the Interior; and



1 (2) National Forest System lands under the ju-
2 risdiction of the Secretary of Agriculture.

3 (b) CONTENTS.—The memorandum of understanding
4 shall include provisions that—

5 (1) establish administrative procedures and
6 lines of authority that ensure timely processing of oil
7 and gas lease applications, surface use plans of oper-
8 ation, and applications for permits to drill, including
9 steps for processing surface use plans and applica-
10 tions for permits to drill consistent with the
11 timelines established by the amendment made by
12 section 348;

13 (2) eliminate duplication of effort by providing
14 for coordination of planning and environmental com-
15 pliance efforts; and

16 (3) ensure that lease stipulations are—

17 (A) applied consistently;

18 (B) coordinated between agencies; and

19 (C) only as restrictive as necessary to pro-
20 tect the resource for which the stipulations are
21 applied.

22 (c) DATA RETRIEVAL SYSTEM.—

23 (1) IN GENERAL.—Not later than 1 year after
24 the date of enactment of this Act, the Secretary of
25 the Interior and the Secretary of Agriculture shall



1 establish a joint data retrieval system that is capable
2 of—

3 (A) tracking applications and formal re-
4 quests made in accordance with procedures of
5 the Federal onshore oil and gas leasing pro-
6 gram; and

7 (B) providing information regarding the
8 status of the applications and requests within
9 the Department of the Interior and the Depart-
10 ment of Agriculture.

11 (2) RESOURCE MAPPING.—Not later than 2
12 years after the date of enactment of this Act, the
13 Secretary of the Interior and the Secretary of Agri-
14 culture shall establish a joint Geographic Informa-
15 tion System mapping system for use in—

16 (A) tracking surface resource values to aid
17 in resource management; and

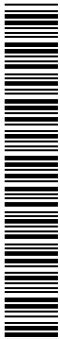
18 (B) processing surface use plans of oper-
19 ation and applications for permits to drill.

20 **SEC. 345. ESTIMATES OF OIL AND GAS RESOURCES UNDER-**
21 **LYING ONSHORE FEDERAL LAND.**

22 (a) ASSESSMENT.—Section 604 of the Energy Act of
23 2000 (42 U.S.C. 6217) is amended—

24 (1) in subsection (a)—

25 (A) in paragraph (1)—



1 (i) by striking “reserve”; and

2 (ii) by striking “and” after the semi-
3 colon; and

4 (B) by striking paragraph (2) and insert-
5 ing the following:

6 “(2) the extent and nature of any restrictions
7 or impediments to the development of the resources,
8 including—

9 “(A) impediments to the timely granting of
10 leases;

11 “(B) post-lease restrictions, impediments,
12 or delays on development for conditions of ap-
13 proval, applications for permits to drill, or proc-
14 essing of environmental permits; and

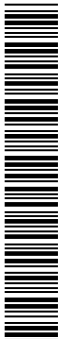
15 “(C) permits or restrictions associated with
16 transporting the resources for entry into com-
17 merce; and

18 “(3) the quantity of resources not produced or
19 introduced into commerce because of the restric-
20 tions.”;

21 (2) in subsection (b)—

22 (A) by striking “reserve” and inserting
23 “resource”; and

24 (B) by striking “publically” and inserting
25 “publicly”; and



1 (3) by striking subsection (d) and inserting the
2 following:

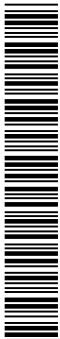
3 “(d) ASSESSMENTS.—Using the inventory, the Sec-
4 retary of Energy shall make periodic assessments of eco-
5 nomically recoverable resources accounting for a range of
6 parameters such as current costs, commodity prices, tech-
7 nology, and regulations.”.

8 (b) METHODOLOGY.—The Secretary of the Interior
9 shall use the same assessment methodology across all geo-
10 logical provinces, areas, and regions in preparing and
11 issuing national geological assessments to ensure accurate
12 comparisons of geological resources.

13 **SEC. 346. COMPLIANCE WITH EXECUTIVE ORDER 13211; AC-**
14 **TIONS CONCERNING REGULATIONS THAT**
15 **SIGNIFICANTLY AFFECT ENERGY SUPPLY,**
16 **DISTRIBUTION, OR USE.**

17 (a) REQUIREMENT.—The head of each Federal agen-
18 cy shall require that before the Federal agency takes any
19 action that could have a significant adverse effect on the
20 supply of domestic energy resources from Federal public
21 land, the Federal agency taking the action shall comply
22 with Executive Order No. 13211 (42 U.S.C. 13201 note).

23 (b) GUIDANCE.—Not later than 180 days after the
24 date of enactment of this Act, the Secretary of Energy
25 shall publish guidance for purposes of this section describ-



1 ing what constitutes a significant adverse effect on the
2 supply of domestic energy resources under Executive
3 Order No. 13211 (42 U.S.C. 13201 note).

4 (c) MEMORANDUM OF UNDERSTANDING.—The Sec-
5 retary of the Interior and the Secretary of Agriculture
6 shall include in the memorandum of understanding under
7 section 344 provisions for implementing subsection (a) of
8 this section.

9 **SEC. 347. PILOT PROJECT TO IMPROVE FEDERAL PERMIT**
10 **COORDINATION.**

11 (a) ESTABLISHMENT.—The Secretary of the Interior
12 (in this section referred to as the “Secretary”) shall estab-
13 lish a Federal Permit Streamlining Pilot Project (in this
14 section referred to as the “Pilot Project”).

15 (b) MEMORANDUM OF UNDERSTANDING.—

16 (1) IN GENERAL.—Not later than 90 days after
17 the date of enactment of this Act, the Secretary
18 shall enter into a memorandum of understanding
19 with the Secretary of Agriculture, the Administrator
20 of the Environmental Protection Agency, and the
21 Chief of Engineers of the Army Corps of Engineers
22 for purposes of this section.

23 (2) STATE PARTICIPATION.—The Secretary
24 may request that the Governors of Wyoming, Mon-



1 tana, Colorado, Utah, and New Mexico be signato-
2 ries to the memorandum of understanding.

3 (c) DESIGNATION OF QUALIFIED STAFF.—

4 (1) IN GENERAL.—Not later than 30 days after
5 the date of the signing of the memorandum of un-
6 derstanding under subsection (b), all Federal signa-
7 tory parties shall assign to each of the field offices
8 identified in subsection (d), on a nonreimbursable
9 basis, an employee who has expertise in the regu-
10 latory issues relating to the office in which the em-
11 ployee is employed, including, as applicable, par-
12 ticular expertise in—

13 (A) the consultations and the preparation
14 of biological opinions under section 7 of the En-
15 dangered Species Act of 1973 (16 U.S.C.
16 1536);

17 (B) permits under section 404 of Federal
18 Water Pollution Control Act (33 U.S.C. 1344);

19 (C) regulatory matters under the Clean Air
20 Act (42 U.S.C. 7401 et seq.);

21 (D) planning under the National Forest
22 Management Act of 1976 (16 U.S.C. 472a et
23 seq.); and



1 (E) the preparation of analyses under the
2 National Environmental Policy Act of 1969 (42
3 U.S.C. 4321 et seq.).

4 (2) DUTIES.—Each employee assigned under
5 paragraph (1) shall—

6 (A) not later than 90 days after the date
7 of assignment, report to the Bureau of Land
8 Management Field Managers in the office to
9 which the employee is assigned;

10 (B) be responsible for all issues relating to
11 the jurisdiction of the home office or agency of
12 the employee; and

13 (C) participate as part of the team of per-
14 sonnel working on proposed energy projects,
15 planning, and environmental analyses.

16 (d) FIELD OFFICES.—The following Bureau of Land
17 Management Field Offices shall serve as the Pilot Project
18 offices:

19 (1) Rawlins, Wyoming.

20 (2) Buffalo, Wyoming.

21 (3) Miles City, Montana

22 (4) Farmington, New Mexico.

23 (5) Carlsbad, New Mexico.

24 (6) Glenwood Springs, Colorado.

25 (7) Vernal, Utah.



1 (e) REPORTS.—Not later than 3 years after the date
2 of enactment of this Act, the Secretary shall transmit to
3 Congress a report that—

4 (1) outlines the results of the Pilot Project to
5 date; and

6 (2) makes a recommendation to the President
7 regarding whether the Pilot Project should be imple-
8 mented throughout the United States.

9 (f) ADDITIONAL PERSONNEL.—The Secretary shall
10 assign to each field office identified in subsection (d) any
11 additional personnel that are necessary to ensure the ef-
12 fective implementation of—

13 (1) the Pilot Project; and

14 (2) other programs administered by the field of-
15 fices, including inspection and enforcement relating
16 to energy development on Federal land, in accord-
17 ance with the multiple use mandate of the Federal
18 Land Policy and Management Act of 1976 (43
19 U.S.C. 1701 et seq).

20 (g) SAVINGS PROVISION.—Nothing in this section
21 affects—

22 (1) the operation of any Federal or State law;
23 or



1 (2) any delegation of authority made by the
2 head of a Federal agency whose employees are par-
3 ticipating in the Pilot Project.

4 **SEC. 348. DEADLINE FOR CONSIDERATION OF APPLICA-**
5 **TIONS FOR PERMITS.**

6 Section 17 of the Mineral Leasing Act (30 U.S.C.
7 226) is amended by adding at the end the following:

8 “(p) DEADLINES FOR CONSIDERATION OF APPLICA-
9 TIONS FOR PERMITS.—

10 “(1) IN GENERAL.—Not later than 10 days
11 after the date on which the Secretary receives an ap-
12 plication for any permit to drill, the Secretary
13 shall—

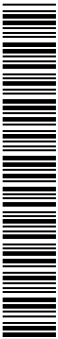
14 “(A) notify the applicant that the applica-
15 tion is complete; or

16 “(B) notify the applicant that information
17 is missing and specify any information that is
18 required to be submitted for the application to
19 be complete.

20 “(2) ISSUANCE OR DEFERRAL.—Not later than
21 30 days after the applicant for a permit has sub-
22 mitted a complete application, the Secretary shall—

23 “(A) issue the permit; or

24 “(B)(i) defer decision on the permit; and



1 “(ii) provide to the applicant a notice that
2 specifies any steps that the applicant could take
3 for the permit to be issued.

4 “(3) REQUIREMENTS FOR DEFERRED APPLICA-
5 TIONS.—

6 “(A) IN GENERAL.—If the Secretary pro-
7 vides notice under paragraph (2)(B)(ii), the ap-
8 plicant shall have a period of 2 years from the
9 date of receipt of the notice in which to com-
10 plete all requirements specified by the Sec-
11 retary, including providing information needed
12 for compliance with the National Environmental
13 Policy Act of 1969 (42 U.S.C. 4321 et seq.).

14 “(B) ISSUANCE OF DECISION ON PER-
15 MIT.—If the applicant completes the require-
16 ments within the period specified in subpara-
17 graph (A), the Secretary shall issue a decision
18 on the permit not later than 10 days after the
19 date of completion of the requirements de-
20 scribed in subparagraph (A).

21 “(C) DENIAL OF PERMIT.—If the appli-
22 cant does not complete the requirements within
23 the period specified in subparagraph (A), the
24 Secretary shall deny the permit.



1 “(q) REPORT.—On a quarterly basis, each field office
2 of the Bureau of Land Management and the Forest Serv-
3 ice shall transmit to the Secretary of the Interior or the
4 Secretary of Agriculture, respectively, a report that—

5 “(1) specifies the number of applications for
6 permits to drill received by the field office in the pe-
7 riod covered by the report; and

8 “(2) describes how each of the applications was
9 disposed of by the field office.”.

10 **SEC. 349. CLARIFICATION OF FAIR MARKET RENTAL VALUE**

11 **DETERMINATIONS FOR PUBLIC LAND AND**

12 **FOREST SERVICE RIGHTS-OF-WAY.**

13 (a) LINEAR RIGHTS-OF-WAY UNDER FEDERAL
14 LAND POLICY AND MANAGEMENT ACT OF 1976.—Section
15 504 of the Federal Land Policy and Management Act of
16 1976 (43 U.S.C. 1764) is amended by adding at the end
17 the following:

18 “(k) DETERMINATION OF FAIR MARKET VALUE OF
19 LINEAR RIGHTS-OF-WAY.—

20 “(1) IN GENERAL.—Effective beginning on the
21 date of the issuance of the rules required by para-
22 graph (2), for purposes of subsection (g), the Sec-
23 retary concerned shall determine the fair market
24 value for the use of land encumbered by a linear
25 right-of-way granted, issued, or renewed under this



1 title using the valuation method described in para-
2 graphs (2), (3), and (4).

3 “(2) REVISIONS.—Not later than 1 year after
4 the date of enactment of this subsection—

5 “(A) the Secretary of the Interior shall
6 amend section 2803.1–2 of title 43, Code of
7 Federal Regulations, as in effect on the date of
8 enactment of this subsection, to revise the per
9 acre rental fee zone value schedule by State,
10 county, and type of linear right-of-way use to
11 reflect current values of land in each zone; and

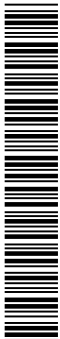
12 “(B) the Secretary of Agriculture shall
13 make the same revision for linear rights-of-way
14 granted, issued, or renewed under this title on
15 National Forest System land.

16 “(3) UPDATES.—The Secretary concerned shall
17 annually update the schedule revised under para-
18 graph (2) by multiplying the current year’s rental
19 per acre by the annual change, second quarter to
20 second quarter (June 30 to June 30) in the Gross
21 National Product Implicit Price Deflator Index pub-
22 lished in the Survey of Current Business of the De-
23 partment of Commerce, Bureau of Economic Anal-
24 ysis.



1 “(4) REVIEW.—If the cumulative change in the
2 index referred to in paragraph (3) exceeds 30 per-
3 cent, or the change in the 3-year average of the 1-
4 year Treasury interest rate used to determine per
5 acre rental fee zone values exceeds plus or minus 50
6 percent, the Secretary concerned shall conduct a re-
7 view of the zones and rental per acre figures to de-
8 termine whether the value of Federal land has dif-
9 fered sufficiently from the index referred to in para-
10 graph (3) to warrant a revision in the base zones
11 and rental per acre figures. If, as a result of the re-
12 view, the Secretary concerned determines that such
13 a revision is warranted, the Secretary concerned
14 shall revise the base zones and rental per acre fig-
15 ures accordingly. Any revision of base zones and
16 rental per acre figure shall only affect lease rental
17 rates at inception or renewal.”.

18 (b) RIGHTS-OF-WAY UNDER MINERAL LEASING
19 ACT.—Section 28(*l*) of the Mineral Leasing Act (30
20 U.S.C. 185(*l*)) is amended by inserting before the period
21 at the end the following: “using the valuation method de-
22 scribed in section 2803.1–2 of title 43, Code of Federal
23 Regulations, as revised in accordance with section 504(k)
24 of the Federal Land Policy and Management Act of 1976
25 (43 U.S.C. 1764(k))”.



1 **SEC. 350. ENERGY FACILITY RIGHTS-OF-WAY AND COR-**
2 **RIDORS ON FEDERAL LAND.**

3 (a) REPORT TO CONGRESS.—

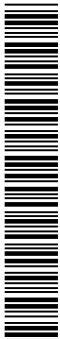
4 (1) IN GENERAL.—Not later than 1 year after
5 the date of enactment of this Act, the Secretary of
6 Agriculture and the Secretary of the Interior, in con-
7 sultation with the Secretary of Commerce, the Sec-
8 retary of Defense, the Secretary of Energy, and the
9 Federal Energy Regulatory Commission, shall sub-
10 mit to Congress a joint report—

11 (A) that addresses—

12 (i) the location of existing rights-of-
13 way and designated and de facto corridors
14 for oil and gas pipelines and electric trans-
15 mission and distribution facilities on Fed-
16 eral land; and

17 (ii) opportunities for additional oil
18 and gas pipeline and electric transmission
19 capacity within those rights-of-way and
20 corridors; and

21 (B) that includes a plan for making avail-
22 able, on request, to the appropriate Federal,
23 State, and local agencies, tribal governments,
24 and other persons involved in the siting of oil
25 and gas pipelines and electricity transmission
26 facilities Geographic Information System-based



1 information regarding the location of the exist-
2 ing rights-of-way and corridors and any planned
3 rights-of-way and corridors.

4 (2) CONSULTATIONS AND CONSIDERATIONS.—

5 In preparing the report, the Secretary of the Interior
6 and the Secretary of Agriculture shall consult
7 with—

8 (A) other agencies of Federal, State, tribal,
9 or local units of government, as appropriate;

10 (B) persons involved in the siting of oil
11 and gas pipelines and electric transmission fa-
12 cilities; and

13 (C) other interested members of the public.

14 (3) LIMITATION.—The Secretary of the Interior
15 and the Secretary of Agriculture shall limit the dis-
16 tribution of the report and Geographic Information
17 System-based information referred to in paragraph
18 (1) as necessary for national and infrastructure se-
19 curity reasons, if either Secretary determines that
20 the information may be withheld from public disclo-
21 sure under a national security or other exception
22 under section 552(b) of title 5, United States Code.

23 (b) CORRIDOR DESIGNATIONS.—

24 (1) 11 CONTIGUOUS WESTERN STATES.—Not
25 later than 2 years after the date of enactment of



1 this Act, the Secretary of Agriculture, the Secretary
2 of Commerce, the Secretary of Defense, the Sec-
3 retary of Energy, and the Secretary of the Interior,
4 in consultation with the Federal Energy Regulatory
5 Commission and the affected utility industries, shall
6 jointly—

7 (A) designate, under title V of the Federal
8 Land Policy and Management Act of 1976 (43
9 U.S.C. 1761 et seq.) and other applicable Fed-
10 eral laws, corridors for oil and gas pipelines and
11 electricity transmission and facilities on Federal
12 land in the eleven contiguous Western States
13 (as defined in section 103 of the Federal Land
14 Policy and Management Act of 1976 (43 U.S.C.
15 1702));

16 (B) perform any environmental reviews
17 that may be required to complete the designa-
18 tions of corridors for the facilities on Federal
19 land in the eleven contiguous Western States;
20 and

21 (C) incorporate the designated corridors
22 into—

23 (i) the relevant departmental and
24 agency land use and resource management
25 plans; or



1 (ii) equivalent plans.

2 (2) OTHER STATES.—Not later than 4 years
3 after the date of enactment of this Act, the Sec-
4 retary of Agriculture, the Secretary of Commerce,
5 the Secretary of Defense, the Secretary of Energy,
6 and the Secretary of the Interior, in consultation
7 with the Federal Energy Regulatory Commission
8 and the affected utility industries, shall jointly—

9 (A) identify corridors for oil and gas pipe-
10 lines and electricity transmission and distribu-
11 tion facilities on Federal land in the States
12 other than those described in paragraph (1);
13 and

14 (B) schedule prompt action to identify,
15 designate, and incorporate the corridors into
16 the land use plan.

17 (3) ONGOING RESPONSIBILITIES.—After com-
18 pleting the requirements under paragraphs (1) and
19 (2), the Secretary of Agriculture, the Secretary of
20 Commerce, the Secretary of Defense, the Secretary
21 of Energy, and the Secretary of the Interior, with
22 respect to lands under their respective jurisdictions,
23 in consultation with the Federal Energy Regulatory
24 Commission and the affected utility industries, shall
25 establish procedures that—



1 (A) ensure that additional corridors for oil
2 and gas pipelines and electricity transmission
3 and distribution facilities on Federal land are
4 promptly identified and designated; and

5 (B) expedite applications to construct or
6 modify oil and gas pipelines and electricity
7 transmission and distribution facilities within
8 the corridors, taking into account prior analyses
9 and environmental reviews undertaken during
10 the designation of corridors.

11 (c) CONSIDERATIONS.—In carrying out this section,
12 the Secretaries shall take into account the need for up-
13 graded and new electricity transmission and distribution
14 facilities to—

15 (1) improve reliability;

16 (2) relieve congestion; and

17 (3) enhance the capability of the national grid
18 to deliver electricity.

19 (d) DEFINITION OF CORRIDOR.—

20 (1) IN GENERAL.—In this section and title V of
21 the Federal Land Policy and Management Act of
22 1976 (43 U.S.C. 1761 et seq.), the term “corridor”
23 means—

24 (A) a linear strip of land—



1 (i) with a width determined with con-
2 sideration given to technological, environ-
3 mental, and topographical factors; and

4 (ii) that contains, or may in the fu-
5 ture contain, 1 or more utility, communica-
6 tion, or transportation facilities;

7 (B) a land use designation that is
8 established—

9 (i) by law;

10 (ii) by Secretarial Order;

11 (iii) through the land use planning
12 process; or

13 (iv) by other management decision;

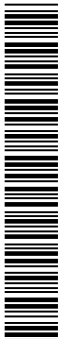
14 and

15 (C) a designation made for the purpose of
16 establishing the preferred location of compatible
17 linear facilities and land uses.

18 (2) SPECIFICATIONS OF CORRIDOR.—On des-
19 ignation of a corridor under this section, the center-
20 line, width, and compatible uses of a corridor shall
21 be specified.

22 **SEC. 351. CONSULTATION REGARDING ENERGY RIGHTS-OF-**
23 **WAY ON PUBLIC LAND.**

24 (a) MEMORANDUM OF UNDERSTANDING.—



1 (1) IN GENERAL.—Not later than 6 months
2 after the date of enactment of this Act, the Sec-
3 retary of Energy, in consultation with the Secretary
4 of the Interior, the Secretary of Agriculture, and the
5 Secretary of Defense with respect to lands under
6 their respective jurisdictions, shall enter into a
7 memorandum of understanding to coordinate all ap-
8 plicable Federal authorizations and environmental
9 reviews relating to a proposed or existing utility fa-
10 cility. To the maximum extent practicable under ap-
11 plicable law, the Secretary of Energy shall, to ensure
12 timely review and permit decisions, coordinate such
13 authorizations and reviews with any Indian tribes,
14 multi-State entities, and State agencies that are re-
15 sponsible for conducting any separate permitting
16 and environmental reviews of the affected utility fa-
17 cility.

18 (2) CONTENTS.—The memorandum of under-
19 standing shall include provisions that—

20 (A) establish—

21 (i) a unified right-of-way application
22 form; and

23 (ii) an administrative procedure for
24 processing right-of-way applications, in-
25 cluding lines of authority, steps in applica-



1 tion processing, and timeframes for appli-
2 cation processing;

3 (B) provide for coordination of planning
4 relating to the granting of the rights-of-way;

5 (C) provide for an agreement among the
6 affected Federal agencies to prepare a single
7 environmental review document to be used as
8 the basis for all Federal authorization decisions;
9 and

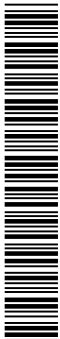
10 (D) provide for coordination of use of
11 right-of-way stipulations to achieve consistency.

12 (b) NATURAL GAS PIPELINES.—

13 (1) IN GENERAL.—With respect to permitting
14 activities for interstate natural gas pipelines, the
15 May 2002 document entitled “Interagency Agree-
16 ment On Early Coordination Of Required Environ-
17 mental And Historic Preservation Reviews Con-
18 ducted In Conjunction With The Issuance Of Au-
19 thorizations To Construct And Operate Interstate
20 Natural Gas Pipelines Certificated By The Federal
21 Energy Regulatory Commission” shall constitute
22 compliance with subsection (a).

23 (2) REPORT.—

24 (A) IN GENERAL.—Not later than 1 year
25 after the date of enactment of this Act, and



every 2 years thereafter, agencies that are signatories to the document referred to in paragraph (1) shall transmit to Congress a report on how the agencies under the jurisdiction of the Secretaries are incorporating and implementing the provisions of the document referred to in paragraph (1).

(B) CONTENTS.—The report shall address—

(i) efforts to implement the provisions of the document referred to in paragraph (1);

(ii) whether the efforts have had a streamlining effect;

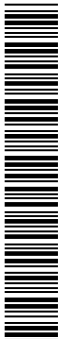
(iii) further improvements to the permitting process of the agency; and

(iv) recommendations for inclusion of State and tribal governments in a coordinated permitting process.

(c) DEFINITION OF UTILITY FACILITY.—In this section, the term “utility facility” means any privately, publicly, or cooperatively owned line, facility, or system—

(1) for the transportation of—

(A) oil, natural gas, synthetic liquid fuel, or gaseous fuel;



1 (B) any refined product produced from oil,
2 natural gas, synthetic liquid fuel, or gaseous
3 fuel; or

4 (C) products in support of the production
5 of material referred to in subparagraph (A) or
6 (B);

7 (2) for storage and terminal facilities in connec-
8 tion with the production of material referred to in
9 paragraph (1); or

10 (3) for the generation, transmission, and dis-
11 tribution of electric energy.

12 **SEC. 352. RENEWABLE ENERGY ON FEDERAL LAND.**

13 (a) REPORT.—

14 (1) IN GENERAL.—Not later than 24 months
15 after the date of enactment of this Act, the Sec-
16 retary of the Interior, in cooperation with the Sec-
17 retary of Agriculture, shall develop and transmit to
18 Congress a report that includes recommendations on
19 opportunities to develop renewable energy on—

20 (A) public lands under the jurisdiction of
21 the Secretary of the Interior; and

22 (B) National Forest System lands under
23 the jurisdiction of the Secretary of Agriculture.

24 (2) CONTENTS.—The report shall include—



1 (A) 5-year plans developed by the Sec-
2 retary of the Interior and the Secretary of Agri-
3 culture, respectively, for encouraging the devel-
4 opment of renewable energy consistent with ap-
5 plicable law and management plans;

6 (B) an analysis of—

7 (i) the use of rights-of-way, leases, or
8 other methods to develop renewable energy
9 on such lands;

10 (ii) the anticipated benefits of grants,
11 loans, tax credits, or other provisions to
12 promote renewable energy development on
13 such lands; and

14 (iii) any issues that the Secretary of
15 the Interior or the Secretary of Agriculture
16 have encountered in managing renewable
17 energy projects on such lands, believe are
18 likely to arise in relation to the develop-
19 ment of renewable energy on such lands;

20 (C) a list, developed in consultation with
21 the Secretary of Energy and the Secretary of
22 Defense, of lands under the jurisdiction of the
23 Department of Energy or the Department of
24 Defense that would be suitable for development
25 for renewable energy, and any recommended



1 statutory and regulatory mechanisms for such
2 development; and

3 (D) any recommendations relating to the
4 issues addressed in the report.

5 (b) NATIONAL ACADEMY OF SCIENCES STUDY.—

6 (1) IN GENERAL.—Not later than 90 days after
7 the date of enactment of this Act, the Secretary of
8 the Interior shall contract with the National Acad-
9 emy of Sciences to—

10 (A) study the potential for the development
11 of wind, solar, and ocean energy (including
12 tidal, wave, and thermal energy) on the outer
13 Continental Shelf;

14 (B) assess existing Federal authorities for
15 the development of such resources; and

16 (C) recommend statutory and regulatory
17 mechanisms for such development.

18 (2) TRANSMITTAL.—The results of the study
19 shall be transmitted to Congress not later than 2
20 years after the date of enactment of this Act.

21 (c) GENERATION CAPACITY OF ELECTRICITY FROM
22 RENEWABLE ENERGY RESOURCES ON PUBLIC LAND.—
23 The Secretary of the Interior shall, not later than 10 years
24 after the date of enactment of this Act, seek to approve
25 renewable energy projects located (or to be located) on



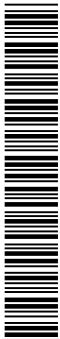
1 public lands with a generation capacity of at least 10,000
2 megawatts of electricity.

3 **SEC. 353. ELECTRICITY TRANSMISSION LINE RIGHT-OF-**
4 **WAY, CLEVELAND NATIONAL FOREST AND**
5 **ADJACENT PUBLIC LAND, CALIFORNIA.**

6 (a) ISSUANCE.—

7 (1) IN GENERAL.—Not later than 60 days after
8 the completion of the environmental reviews under
9 subsection (c), the Secretary of the Interior and the
10 Secretary of Agriculture shall issue all necessary
11 grants, easements, permits, plan amendments, and
12 other approvals to allow for the siting and construc-
13 tion of a high-voltage electricity transmission line
14 right-of-way running approximately north to south
15 through the Trabuco Ranger District of the Cleve-
16 land National Forest in the State of California and
17 adjacent lands under the jurisdiction of the Bureau
18 of Land Management and the Forest Service.

19 (2) INCLUSIONS.—The right-of-way approvals
20 under paragraph (1) shall provide all necessary Fed-
21 eral authorization from the Secretary of the Interior
22 and the Secretary of Agriculture for the routing,
23 construction, operation, and maintenance of a 500-
24 kilovolt transmission line capable of meeting the
25 long-term electricity transmission needs of the region



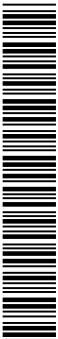
1 between the existing Valley-Serrano transmission
2 line to the north and the Telega-Escondido trans-
3 mission line to the south, and for connecting to fu-
4 ture generating capacity that may be developed in
5 the region.

6 (b) PROTECTION OF WILDERNESS AREAS.—The Sec-
7 retary of the Interior and the Secretary of Agriculture
8 shall not allow any portion of a transmission line right-
9 of-way corridor identified in subsection (a) to enter any
10 identified wilderness area in existence as of the date of
11 enactment of this Act.

12 (c) ENVIRONMENTAL AND ADMINISTRATIVE RE-
13 VIEWS.—

14 (1) DEPARTMENT OF INTERIOR OR LOCAL
15 AGENCY.—The Secretary of the Interior, acting
16 through the Director of the Bureau of Land Man-
17 agement, shall be the lead Federal agency with over-
18 all responsibility to ensure completion of required
19 environmental and other reviews of the approvals to
20 be issued under subsection (a).

21 (2) NATIONAL FOREST SYSTEM LAND.—For the
22 portions of the corridor on National Forest System
23 lands, the Secretary of Agriculture shall complete all
24 required environmental reviews and administrative



1 actions in coordination with the Secretary of the In-
2 terior.

3 (3) EXPEDITIOUS COMPLETION.—The reviews
4 required for issuance of the approvals under sub-
5 section (a) shall be completed not later than 1 year
6 after the date of the enactment of this Act.

7 (d) OTHER TERMS AND CONDITIONS.—The trans-
8 mission line right-of-way shall be subject to such terms
9 and conditions as the Secretary of the Interior and the
10 Secretary of Agriculture consider necessary, based on the
11 environmental reviews under subsection (c), to protect the
12 value of historic, cultural, and natural resources under the
13 jurisdiction of the Secretary of the Interior or the Sec-
14 retary of Agriculture.

15 (e) PREFERENCE AMONG PROPOSALS.—The Sec-
16 retary of the Interior and the Secretary of Agriculture
17 shall give a preference to any application or preapplication
18 proposal for a transmission line right-of-way referred to
19 in subsection (a) that was submitted before December 31,
20 2002, over all other applications and proposals for the
21 same or a similar right-of-way submitted on or after that
22 date.



1 **SEC. 354. SENSE OF CONGRESS REGARDING DEVELOPMENT**
2 **OF MINERALS UNDER PADRE ISLAND NA-**
3 **TIONAL SEASHORE.**

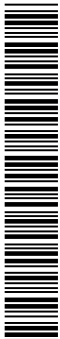
4 (a) FINDINGS.—Congress finds the following:

5 (1) Pursuant to Public Law 87–712 (16 U.S.C.
6 459d et seq.; popularly known as the “Federal Ena-
7 bling Act”) and various deeds and actions under
8 that Act, the United States is the owner of only the
9 surface estate of certain lands constituting the
10 Padre Island National Seashore.

11 (2) Ownership of the oil, gas, and other min-
12 erals in the subsurface estate of the lands consti-
13 tuting the Padre Island National Seashore was never
14 acquired by the United States, and ownership of
15 those interests is held by the State of Texas and pri-
16 vate parties.

17 (3) Public Law 87–712 (16 U.S.C. 459d et
18 seq.)—

19 (A) expressly contemplated that the United
20 States would recognize the ownership and fu-
21 ture development of the oil, gas, and other min-
22 erals in the subsurface estate of the lands con-
23 stituting the Padre Island National Seashore by
24 the owners and their mineral lessees; and



1 (B) recognized that approval of the State
2 of Texas was required to create Padre Island
3 National Seashore.

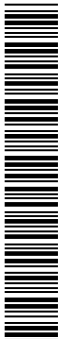
4 (4) Approval was given for the creation of
5 Padre Island National Seashore by the State of
6 Texas through Tex. Rev. Civ. Stat. Ann. Art.
7 6077(t) (Vernon 1970), which expressly recognized
8 that development of the oil, gas, and other minerals
9 in the subsurface of the lands constituting Padre Is-
10 land National Seashore would be conducted with full
11 rights of ingress and egress under the laws of the
12 State of Texas.

13 (b) SENSE OF CONGRESS.—It is the sense of Con-
14 gress that with regard to Federal law, any regulation of
15 the development of oil, gas, or other minerals in the sub-
16 surface of the lands constituting Padre Island National
17 Seashore should be made as if those lands retained the
18 status that the lands had on September 27, 1962.

19 **SEC. 355. ENCOURAGING PROHIBITION OF OFF-SHORE**
20 **DRILLING IN THE GREAT LAKES.**

21 Congress encourages—

22 (1) the States of Illinois, Michigan, New York,
23 Pennsylvania, and Wisconsin to continue to prohibit
24 offshore drilling in the Great Lakes for oil and gas;
25 and



1 (2) the States of Indiana, Minnesota, and Ohio
2 to enact a prohibition of such drilling.

3 **SEC. 356. FINGER LAKES NATIONAL FOREST WITHDRAWAL.**

4 All Federal land within the boundary of Finger Lakes
5 National Forest in the State of New York is withdrawn
6 from—

7 (1) all forms of entry, appropriation, or disposal
8 under the public land laws; and

9 (2) disposition under all laws relating to oil and
10 gas leasing.

11 **SEC. 357. STUDY ON LEASE EXCHANGES IN THE ROCKY**
12 **MOUNTAIN FRONT.**

13 (a) DEFINITIONS.—For the purposes of this section:

14 (1) BADGER-TWO MEDICINE AREA.—The term
15 “Badger-Two Medicine Area” means the Forest
16 Service land located in—

17 (A) T. 31 N., R. 12–13 W.;

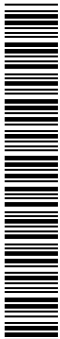
18 (B) T. 30 N., R. 11–13 W.;

19 (C) T. 29 N., R. 10–16 W.; and

20 (D) T. 28 N., R. 10–14 W.

21 (2) BLACKLEAF AREA.—The term “Blackleaf
22 Area” means the Federal land owned by the Forest
23 Service and Bureau of Land Management that is lo-
24 cated in—

25 (A) T. 27 N., R. 9 W.;



1 (B) T. 26 N., R. 9–10 W.;

2 (C) T. 25 N., R. 8–10 W.; and

3 (D) T. 24 N., R. 8–9 W.

4 (3) ELIGIBLE LESSEE.—The term “eligible les-
5 see” means a lessee under a nonproducing lease.

6 (4) NONPRODUCING LEASE.—The term “non-
7 producing lease” means a Federal oil or gas lease—

8 (A) that is in existence and in good stand-
9 ing on the date of enactment of this Act; and

10 (B) that is located in the Badger-Two
11 Medicine Area or the Blackleaf Area.

12 (5) SECRETARY.—The term “Secretary” means
13 the Secretary of the Interior.

14 (6) STATE.—The term “State” means the State
15 of Montana.

16 (b) EVALUATION.—

17 (1) IN GENERAL.—The Secretary, in consulta-
18 tion with the Governor of the State, and the eligible
19 lessees, shall evaluate opportunities for domestic oil
20 and gas production through the exchange of the
21 nonproducing leases.

22 (2) REQUIREMENTS.—In carrying out the eval-
23 uation under subsection (a), the Secretary shall—

24 (A) consider opportunities for domestic
25 production of oil and gas through—



1 (i) the exchange of the nonproducing
2 leases for oil and gas lease tracts of com-
3 parable value in the State; and

4 (ii) the issuance of bidding, royalty, or
5 rental credits for Federal oil and gas leases
6 in the State in exchange for the cancella-
7 tion of the nonproducing leases;

8 (B) consider any other appropriate means
9 to exchange, or provide compensation for the
10 cancellation of, nonproducing leases, subject to
11 the consent of the eligible lessees;

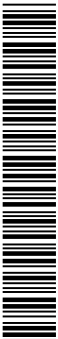
12 (C) consider the views of any interested
13 persons, including the State;

14 (D) determine the level of interest of the
15 eligible lessees in exchanging the nonproducing
16 leases;

17 (E) assess the economic impact on the les-
18 sees and the State of lease exchange, lease can-
19 cellation, and final judicial or administrative de-
20 cisions related to the nonproducing leases; and

21 (F) provide recommendations on—

22 (i) whether to pursue an exchange of
23 the nonproducing leases;



1 (ii) any changes in laws (including
2 regulations) that are necessary for the Sec-
3 retary to carry out the exchange; and

4 (iii) any other appropriate means to
5 exchange or provide compensation for the
6 cancellation of a nonproducing lease, sub-
7 ject to the consent of the eligible lessee.

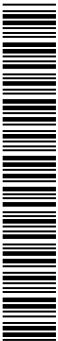
8 (c) VALUATION OF NONPRODUCING LEASES.—For
9 the purpose of the evaluation under subsection (a), the
10 value of a nonproducing lease shall be an amount equal
11 to the difference between—

12 (1) the sum of—

13 (A) the amount paid by the eligible lessee
14 for the nonproducing lease;

15 (B) any direct expenditures made by the
16 eligible lessee before the transmittal of the re-
17 port in subsection (c) associated with the explo-
18 ration and development of the nonproducing
19 lease; and

20 (C) interest on any amounts under sub-
21 paragraphs (A) and (B) during the period be-
22 ginning on the date on which the amount was
23 paid and ending on the date on which credits
24 are issued under subsection (b)(2)(A)(ii); and



1 (2) the sum of the revenues from the nonpro-
2 ducing lease.

3 (d) REPORT TO CONGRESS.—Not later than 2 years
4 after the date of the enactment of this Act, the Secretary
5 shall initiate the evaluation in subsection (b) and transmit
6 to Congress a report on the evaluation.

7 **SEC. 358. FEDERAL COALBED METHANE REGULATION.**

8 Any State currently on the list of Affected States es-
9 tablished under section 1339(b) of the Energy Policy Act
10 of 1992 (42 U.S.C. 13368(b)) shall be removed from the
11 list if, not later than 3 years after the date of enactment
12 of this Act, the State takes, or prior to the date of enact-
13 ment has taken, any of the actions required for removal
14 from the list under such section 1339(b).

15 **SEC. 359. LIVINGSTON PARISH MINERAL RIGHTS TRANS-**
16 **FER.**

17 (a) AMENDMENTS.—Section 102 of Public Law 102–
18 562 (106 Stat. 4234) is amended—

19 (1) by striking “(a) IN GENERAL.—”;

20 (2) by striking “and subject to the reservation
21 in subsection (b),”; and

22 (3) by striking subsection (b).

23 (b) IMPLEMENTATION OF AMENDMENT.—The Sec-
24 retary of the Interior shall execute the legal instruments



1 necessary to effectuate the amendment made by sub-
2 section (a)(3).

